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VOICE

50¢

EXCLUSIVE

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24-Page Supplement

THE REPORT ON THE CIA THAT PRESIDENT FORD DOESN'T WANT YOU TO READ

**TEXT HIGHLIGHTS FROM THE SUPPRESSED HOUSE
INTELLIGENCE COMMITTEE REPORT (P. 69)**

the village **VOICE**

A 24-PAGE SPECIAL SUPPLEMENT

THE CIA REPORT THE PRESIDENT DOESN'T WANT YOU TO READ.

The Pike Papers: An Introduction by Aaron Latham

SPENDING

"... inadequate controls, even less auditing, and an overabundance of secrecy..."

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PERFORMANCE

"... [The Tet offensive] flatly challenged the reassuring picture intelligence in Saigon and Washington had helped present to the American people..." Page 76

YOM KIPPUR WAR

"... The entire system had malfunctioned. Massive amounts of data had proven indigestible by analysts..."

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"[The U.S. intelligence community had not even been tasked to probe deeply into Portugal in the waning months of the Caetano dictatorship..." Page 79

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"... The three individual branches of the military resist any organization which might curb their authority..."

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"The Committee... has considerable evidence that [covert action operations] are irregularly approved, sloppily implemented, and at times have been forced on a reluctant CIA by the President and his National Security Advisor..." Page 83

ANGOLA

"... Apparently at the direction of National Security Council aides, the task force recommendation [against military intervention] was removed from the report and presented to NSC members as merely one policy option..."

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Introduction to the Pike Papers

BY AARON LATHAM

These are not the Pentagon Papers, but there are points of similarity. For, once again, an American president has set himself against the publication of a government study of dangerous governmental adventures. Once again the White House is seeking to protect the American people from a reading of a part of their own history.

The history in this case was written by the House Select Committee on Intelligence, which is chaired by New York Congressman Otis Pike. The committee's report was finished on January 19, 1976, but ten days later the House of Representatives voted not to release it until it is censored by the executive branch. Since the report details at great length all the obstacles which the executive branch put in the way of the Pike committee from the beginning of its work to the end, the White House would not seem the ideal, unbiased expurgator.

If the executive branch "sanitized" the report the way it sanitized many of the documents it turned over to the committee, little would remain. For, according to the report, "sanitized" quite often turned out to be "merely a euphemism for blank sheets of paper with a few scattered words left in, often illegible, sometimes misleading, and usually inconclusive. One page was blank except for the following: '3/ND/DOLL/VNM/T-0144-65G TRANSLATED DECRYPT: UNICAC/VN.NR.1.Y.30/300G FM.11B TO. CO. INFO. BBM. STOP. CNMB. 30119 5610M Tol: 301A68/10/22:300: Another page was blank except for the 'TOP SECRET' stamp.

At the moment, the White House and the House are stalemated. Perhaps this unofficial publication of the Pike Papers will moot that stalemate. The reports are now in the custody of Carl Albert, the Speaker of the House, who must decide what the House's next move will be. One Congressional source says that Albert plans simply to sit on the report until the press prints it. Then he will be able to move to make it public officially.

The Pike committee report is divided into three sections: (I) "The Select Committee's Oversight Experience" (II) "The Select Committee's Investigative Record" and (III) "Recommendations." In the text which follows this introduction, we are printing only the second section and even here some of the footnotes have had to be trimmed for space reasons. (As a result, the footnotes are not numbered consecutively; we have followed the committee report's numbering throughout.) We chose to omit the first section because it is primarily a record of the committee's frustrations rather than its findings. We had no choice but to leave out the third section, the recommendations section, since, as we went to press, these had not yet been written.

The first section of the report, missing here, begins with this sentence: "If the Committee's recent experience is any test, intelligence agencies that are to be controlled by Congressional lawmaking are, today, beyond lawmaker's scrutiny." The document then goes on to present an 81-page catalog of obstruction which begins but does not end with the "sanitizing" of papers.

For example, one Pike committee witness was harassed. A man named Martin Kaiser, who manufactures wiretap equipment, testified that the FBI bought eavesdropping devices from him through a middleman, the U.S. Recording Com-



Chairman Otis Pike had promises of cooperation, but met delay and refusal.

pany. This middleman's sole function was to camouflage the Bureau's purchases, and yet the company tacked on a 30 percent markup to the price. The committee eventually learned that the president of U.S. Recording was a poker buddy of a top FBI official.

After Kaiser testified, two FBI agents subjected him to a six-hour interrogation. They then wrote out a statement recanting several trivial aspects of his testimony and stood over him while he signed it. Undaunted, Kaiser went back before the committee, complained about the harassment, and repudiated the statement written for him by the G-men.

But the biggest single obstacle, according to the report, was Secretary of State Henry A. Kissinger. The Pike committee report accuses Kissinger of putting forth "a new doctrine that can best be characterized as 'secretarial privilege.'" He defied Congressional subpoenas, prevented State Department witnesses from testifying, and leaked stories to embarrass the committee.

The committee began the second section of its report, the section we do print, with an attempt to make visible the long invisible intelligence budget. The Pike Papers conclude that Congress is told that the intelligence budget is about \$3-billion, but that it is really closer to \$1-billion.

The report also concludes that even within the intelligence agencies, where they presumably know what the real budgets are, "spending controls [are] inadequate." The study supports this allegation with such examples as the CIA station in a small country which turned in a one-year liquor bill of \$41,000... the taxpayers' money "spent to provide heads of state with female companions" and more tax dollars invested in the making of pornographic movies, one of which was entitled *Happy Days* with former Hughes Tool executive Robert Maheu acting "as casting director, make-up man, cameraman, and director."

What happened to that station chief who managed to spend \$41,000 on alcohol? He was transferred to Angola.

Having answered the question, how much does it cost? the Pike committee then turned to another question: Is it worth it? In attempting to answer this question, the committee undertook case studies of six intelligence failures—the Tet Offensive, the Russian invasion of

Czechoslovakia, the 1973 Mid-East War, the coup in Portugal, India's first atomic test, and the coup in Cyprus.

They began with Tet. As background to this predictive failure, the committee chronicled the pressure on the CIA to provide confirmation of the contention that there was light at the end of the tunnel. For example, the committee reported that Walt Rostow, the then assistant to the president for national security affairs, asked the CIA for a report on pacification program successes. When an intelligence officer replied that there had not been many, Rostow reportedly replied, "I am amazed at your unwillingness to support the president in his time of need." The agency eventually did supply an optimistic pacification report, but with a caveat letter attached. Rostow removed the letter and then gave the report to the president, remarking, "At last, an objective appraisal from CIA."

Moving from Asia to Europe, the committee found that we could be caught just as much by surprise in Czechoslovakia as in Vietnam. The committee discovered that one reason we did not anticipate the 1968 Russian invasion was simply this: "We lost the Russian army for two weeks."

How did we finally learn that the USSR was in fact invading Czechoslovakia? Soviet Ambassador Dobrynin called at the White House and told President Johnson that that was what Russia was doing. At least we had found the Russian army.

Moving to the Holy Land, the committee reported: "The Mid-East war gave the intelligence community a real test of how it can perform when all its best technology and human skills are focused on a known world 'hot spot.' It failed."

The failure of our intelligence before the Arab assault has been generally recognized for some time, but the Pike Papers maintain that there may have been an even more serious intelligence failure after the attack. Since we had not anticipated trouble in the Middle East, our spy satellites were caught out of position. We were therefore unable to monitor adequately the progress of the fighting and wound up relying "almost unquestioningly" on Israeli battlefield reports. We therefore believed the Israelis when they said they had not violated the cease-fire.

The Pike committee concluded: "Thus misled, the U.S. clashed with the better-

informed Soviets on the latter's strong reaction to Israeli cease-fire violations. Soviet threats to intervene militarily were met with a worldwide U.S. troop alert. Poor intelligence had brought America to the brink of war."

Moving on to Portugal, the committee asked: "Do our intelligence services know what is going on beneath the surface in allied nations that are not making headlines?" The answer, on April 25, 1974, turned out to be no.

We failed equally to predict the first nuclear test in the Third World. It happened in India on May 18, 1974. A Defense Intelligence Analysis report issued shortly before the test carried this title: "India: A nuclear weapons program will not likely be pursued in the near term."

A CIA post-mortem report said of our intelligence blindspot: "This failure denied the U.S. Government the option of considering diplomatic or other initiative to try to prevent this significant step in nuclear proliferation."

In Cyprus, our apparent failure to predict the overthrow of Archbishop Makarios helped set the stage for a spectacular diplomatic failure: we somehow managed to offend all sides and to undermine NATO's southern flank. However, in this case, it is not altogether clear how much of the blame belongs to the CIA and how much to the State Department. For some evidence suggests that we may not have been totally surprised by the Cyprus coup.

The man behind the overthrow of Archbishop Makarios was Greek strongman General Dimitrios Ioannides, who happened to be on close personal terms with the CIA station chief in Athens. Evidently the station chief had exclusive access to the dictator, which meant that the U.S. ambassador to Greece was walled out. This special relationship between our spook and their chief of state made many believe that we were either stupid in missing signs of a developing crisis—or else we encouraged it.

An internal State Department memorandum, written by a critic of Kissinger's handling of the Cyprus crisis, concluded: "I believe that strong U.S. representations to Ioannides would have prevented the crisis."

The coup, which the United States might have been able to prevent, led not only to thousands of casualties, a near war between NATO allies, and a deterioration of our relations with Greece, Turkey and Cyprus. It also got an American ambassador killed, Roger Davies, our ambassador to Cyprus, was fatally shot during an anti-American demonstration at the embassy in Nicosia.

The Pike committee report says: "Contemporary accounts concluded that Davies was simply struck by a stray bullet. Information made available to the Committee suggests that Davies may have been the victim of an assassination."

Our intelligence and/or diplomatic failure may have led to the assassination of our ambassador.

Having concluded that the U.S. taxpayer does not receive his money's worth in foreign intelligence, the Pike committee turned to domestic intelligence—and came to the same conclusion.

The Pike Papers report that the FBI investigated the Institute for Policy Study, a left-wing Washington think tank, for five years without ever observing criminal violations. Yet the FBI manual states that investigations should be terminated within 90 days if criminal violations are not observed.

The FBI investigation of the Socialist

Workers Party went on for 34 years. Back in 1941, the Bureau did prosecute several members under the Smith Act, but the portions of the law used to bring those cases have since been declared unconstitutional. Since 1941, the FBI has brought no charges at all against SWP members.

The net result of the IPS and SWP operations would seem to be 39 years of wasted funds.

One of the most important conclusions reached by the Pike committee's report is that the CIA is not a "rogue elephant" as Senator Church, the chairman of the Senate select committee on intelligence, once called it. The Pike report says: "All evidence in hand suggests that the CIA, far from being out of control, has been utterly responsive to the instructions of the President and the Assistant to the President for National Security Affairs."

The committee came to this conclusion after an unprecedented study of all covert operations approved by the Forty Committee over the past ten years. The Forty Committee, which is chaired by the president's foreign policy adviser, is supposed to pass on all sensitive covert activities undertaken by the CIA. The Pike committee categorized different types of covert operations and looked for patterns.

It may surprise some to discover that the largest single category of covert activity concerned tampering with free elections around the world. These election operations make up a full 32 percent of the covert action projects approved by the Forty Committee since 1965. The report says the operations usually mean "providing some form of financial election support to foreign parties and individuals. Such support could be negative as well as positive." Most of the money has gone to developing countries and generally "to incumbent moderate party leaders and heads of state." One "Third World leader" received \$960,000 over a 14-year period.

The second largest covert action category is "media and propaganda." The committee found that 29 percent of the covert projects approved by the Forty Committee fell under this heading. The report says: "Activities have included support of friendly media, major propaganda efforts, insertion of articles into the local press, and distribution of books and leaflets. By far the largest single

recipient has been a European publishing house funded since 1951. . . . About 25 percent of the program has been directed at the Soviet Bloc, in the publication and clandestine import and export of Western and Soviet dissident literature."

The third largest category is "Paramilitary/Arms Transfers." These make up 23 percent of the total Forty Committee-approved covert action projects. Although these rank third in total numbers, they rank first in expense. The committee report states: "By far, the most interesting, and important, fact to emerge was the recognition that the great majority of these covert action projects were proposed by parties outside CIA. Many of these programs were summarily ordered, over CIA objections. CIA misgivings, however, were at times weakly expressed, as the CIA is afflicted with a 'can do' attitude."

As a part of its investigation of covert action, the Pike committee examined three recent operations: our funding of pro-U.S. elements during the 1972 Italian election; our funding of the Kurdish rebellion in Iraq; and our assistance to one of the contending factions in Angola.

The committee report says that we spent \$10 million in the 1972 Italian general election "perhaps needlessly." The election produced not only a bitter struggle between Italy's Christian Democratic party and its Communist party, it also produced an even more bitter struggle between our CIA station chief in Rome and our ambassador in Rome.

The ambassador, Graham Martin, wanted to pour money into the election, but the CIA station chief, cabled headquarters that "money is not the problem." While this tug-of-war continued, President Nixon, according to the report, "was indirectly approached by prominent international businessmen who were former nationals" of Italy. Ultimately the CIA was ordered to draw up a covert election-funding operation. The ambassador had won.

Then Ambassador Martin wanted to run the operation himself as if he were the station chief. The actual station chief sent a memorandum to Washington, which protested: "I do not feel that any ambassador has the requisite background in clandestine activities to successfully manage a covert political action program." But again the ambassador, backed by Kissinger, won.

In charge now, Ambassador Martin decided he wanted to give \$800,000 to General Vito Miceli, the head of the Italian military intelligence agency, described by the Pike committee as a man "clearly linked to anti-democratic elements of the right." General Miceli currently faces charges in Italy for his alleged involvement in a 1970 plot to overthrow the Italian government. The failed plot was led by Prince Junio Valerio Borghese, known as the "Black Prince," who hoped to rule Italy.

Challenging the ambassador, the CIA station chief opposed giving money to Miceli. At one point the CIA man asked the ambassador if he really cared if Miceli's proposed propaganda operation turned out to be successful. Martin replied, according to a CIA cable, "Yes, I do, but not a helluva lot. Important thing is to demonstrate solidarity for the long pull." The ambassador later re-

lations between the ambassador and the station chief became so strained that the ambassador once told the CIA man he would "instruct the Marine guards not to let you in this building and put you on the airplane [home]."

In the end, the ambassador and the station chief not only hated one another, but the Christian Democrats did not do very well in the election. They narrowly won the general election—continuing an unbroken string since 1948—but they suffered severe reverses in the subsequent local elections held last year.

But by then Ambassador Martin was no longer in Italy. He was our ambassador in Saigon, presiding over an even greater foreign policy debacle, the fall of South Vietnam.

In 1972, Dr. Henry Kissinger met with the Shah of Iran, who asked the U.S. to aid the Kurds in their rebellion against Iraq, an enemy of the Shah. Kissinger later presented the proposal to President Nixon, who approved what would become a \$16-million program. Then John B. Connally, the former Nixon Treasury secretary, was dispatched to Iran to inform the Shah, one oil man to another.

The committee report charges that "The President, Dr. Kissinger and the foreign head of state [the Shah] hoped our clients would not prevail. They preferred instead that the insurgents simply continue a level of hostilities sufficient to sap the resources of our ally's neighboring country [Iraq]. This policy was

not imparted to our clients, who were encouraged to continue fighting. Even in the context of covert action, ours was a cynical enterprise."

During the Arab-Israeli war, when the Kurds might have been able to strike at a distracted Iraqi government, Kissinger, according to the report, "personally restrained the insurgents from an all-out offensive on the one occasion when such an attack might have been successful."

Then, when Iran resolved its border dispute with Iraq, the U.S. summarily dropped the Kurds. And Iraq, knowing aid would be cut off, launched a search-and-destroy campaign the day after the border agreement was signed.

A high U.S. official later explained to the Pike committee staff: "Covert action should not be confused with missionary work."

In its section on Angola, the Pike committee report says: "Information supplied to the committee suggests that the military intervention of the Soviet Union and Cuba is in part a reaction to U.S. efforts to break a political stalemate in favor of its clients."

The committee also learned that a task force composed of U.S. experts on Africa "strongly opposed military intervention" in Angola, but National Security Council aides removed this recommendation from the task force report.

At one point, the Forty Committee approved \$300,000 for non-military activities in Angola. Part of this money went to pay for 50,000 campaign-style FNLA buttons. But these buttons did not seem to be winning any more battles than the WIN buttons here at home.

The Pike report also deplores seventeen wiretaps which the FBI "installed for Dr. Kissinger," pointing out that these "posed a risk that the FBI could become the tool by which an administration in power obtains political information."

And finally the study censures Henry Kissinger for his "passion for secrecy," especially regarding possible violations of the Strategic Arms Limitation treaties. The committee says: "Nowhere is the risk of corrupting intelligence greater than in recent efforts to restrict and shape important data on Soviet compliance with strategic arms agreements."

In many ways, the moral of the Pike Papers seems to be: controlling the intelligence community must begin with controlling Henry Kissinger.

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the single voice February 18, 1976

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the village VOICE February 16, 1976

The Select Committee's Investigative Record

Costs

No money shall be drawn from the Treasury, but in consequence of Appropriations made by law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time: Art. I, Sec. 9, cl. vii, U.S. Const.

Money and spending were the first topics of Committee hearings. This choice of a beginning was founded on Constitutional responsibilities, and it implemented a straightforward investigative technique—by following the dollars, the Committee would locate activities and priorities of our intelligence services.

The inquiry was fruitful and interesting. By the time it was over, GAO accountants on loan to the Committee had concluded that the foreign intelligence budget is three to four times more costly than Congress has been told.¹²⁷ An OMB review of the domestic intelligence budget, conducted at the Committee's request, concluded that it may be five times the estimate given to Congress by federal officials.

Totals do not tell the whole story: Congressional and Executive scrutiny of these budgets was found to range somewhere between cursory and nonexistent. Spending controls by the agencies themselves, were, likewise, often inadequate, as a few preliminary examples indicate.

- A CIA Station in a small country spent \$41,000 on liquor, in one year.

- Taxpayer monies were spent to provide heads of state with female companions, and to pay people with questionable reputations to make pornographic movies¹²⁸ for blackmail.

- The "accommodation procurement" mechanism was used to buy limousines for foreign dignitaries, with cash payments that were difficult to verify.

- A huge arsenal of weapons and access to ammunition have been developed by CIA, giving it a capability that exceeds most armies of the world.

- A middleman who is a close friend of top FBI officials tacked thousands, if not millions, of dollars of unwarranted markups on to covert purchases.

These examples reflect the wide range of problems with secret financing of secret activities. A more detailed review of these and other examples, along with the basic processes or mechanisms that accompany them, is a good base for suggested reforms.

I. Deceptive Budgets

Much attention is paid to numbers when the foreign and domestic intelligence budgets are prepared. Not much attention is paid to substance.

The Office of Management and Budget (OMB), the Director of Central Intelligence (DCI), and other officials go through an elaborate process in arriving at budget numbers. As described to Congress, it is an impressive procedure.

What is not described is the close, almost inbred relationship between OMB officials and intelligence budgetmakers. OMB also does not point out that it completely lacks the expertise to evaluate huge technological expenditures by the National Security Agency.

Executive officials do not stress the lack of a centralized budget authority in the intelligence services, which causes enormous waste, duplication and hidden costs in military intelligence. There is little consideration given to the extraordinary spending latitude granted to CIA, or to the CIA's heavy use of "unvouchered" funds. There is no explanation from FBI of the reasons for millions of dollars of "confidential" purchases.

When appearing before Congress, executive officials do not review the inadequacies of internal Agency auditors. No mention is made of items transferred elsewhere in the federal budget to keep the intelligence budget small.

These officials do not remind Congress that our government's auditors, the General Accounting Office, have been denied access to secret intelligence budgets for more than a decade. They do not explain abuses of covert purchasing mechanisms, domestic, as well as foreign.

These same officials do, however, stress that any-

thing they can or will say must be kept a secret.

All this adds up to more than \$10 billion being spent by a handful of people, with little independent supervision, with inadequate controls, even less auditing, and an overabundance of secrecy.

It begins with OMB officials and their counterparts in the various agencies. Testimony before this Committee revealed that only six OMB employees work full-time on the foreign intelligence budget. Of those six, three are former CIA employees. In turn, the CIA official in charge of the Agency's budget has recently arrived from OMB, where he had primary responsibility for CIA's budget.

This, in itself, does not bode well for a vigorous review of the merits of intelligence programs. It is set back further by the fact that OMB is not told of sensitive projects as they are being planned. Even after it is told, OMB's officials are not free to evaluate all details of sensitive projects.

The absence of real involvement by outsiders in intelligence spending continues.

For example, CIA's budget appears as only a single line item in the published Federal budget. This is done in the name of secrecy, but it gives CIA an unusual advantage: Congress requires any agency wishing to transfer funds from one line item to another to come back to Congress for approval.

This is called reprogramming. Most agencies have many line items giving Congress some check on their spending. CIA has had no reprogramming problems in the past. It could tell Congress it was spending a certain amount on covert action; then proceed to transfer large amounts to covert programs without Congress' approval.¹²⁹

This is not, however, the most significant lack of knowledge about intelligence spending. Billions of dollars spent every year for intelligence are not included in the "official" intelligence budgets.

One way this has been accomplished has been by shifting items that have traditionally appeared in the intelligence budget into other budget categories. For example, the Department of Defense has switched the following items, by reclassifying them as "communications": Counterintelligence and Investigative Activities; Mapping, Charting, and Geodesy; and the Advance Location Strike Program. A sizeable secret reconnaissance activity at Defense was switched to "research and development." All of these activities and many more were, until recently, in Defense's intelligence budget.¹³⁰ Defense is not alone in using this tactic.

The costs given Congress for military intelligence do not include expenditures for tactical military intelligence, which would approximately double intelligence budgets for the three armed services.¹³¹ Roughly 20 percent of the National Security Agency's budget is not added into the intelligence budget. It should be noted that NSA does nothing else except gather and analyze technical intelligence, and it has one of the largest budgets in the intelligence community.

Sometimes entire agencies, such as the Defense Advanced Research Projects Agency, are completely omitted from estimates of intelligence-related costs, as well as the intelligence budget.

The budget for the National Security Council is omitted completely, although a sizeable portion of their staff and subcommittees work exclusively on intelligence matters.¹³²

Still another technique is undervaluation of the real cost of certain operations. The Committee analyzed one covert operation and found that the dollar amounts given by CIA for weapons supplied were about half of the Defense Department's contract prices.

At the Committee's request, OMB did add up the total cost for all federal domestic intelligence, for the first time ever. The total they came up with was more than five times the amount that had been given to the Committee in testimony by domestic intelligence officials.¹³³ The FBI, for example, had neglected to include such clear intelligence functions as the National Bomb Data Center, or Counterintelligence. More significantly, there had never been an attempt to add up all the divergent intelligence operations in the federal government.¹³⁴

By using the new OMB figures for domestic intelligence, and by adding such items as transferred expenditures, the full NSA budget, and revalued cost

figures, the Committee estimated that the cost of intelligence today is at least three to four times the amount reported to Congress.

An obvious question is how can there be such a difference in total cost estimates? One answer is the lack of coordination in "approaching" the budget. Another is that there are no adequate standards for what is, and is not, intelligence spending. A final answer may be that there is a conscious desire to keep the totals small, by dividing and confusing the estimates.

It should be obvious that if nobody has ever added up the costs of the many domestic intelligence units, then certainly nobody is coordinating their budgets, as intelligence per se. In foreign intelligence, the problem is, to a large degree, a lack of centralized authority. For example, the DCI presents the entire foreign intelligence budget to Congress and the President, but he only has authority for CIA's budget. Defense officials testified that a substantial part of their intelligence budget is considered the responsibility of the Secretary of Defense. The DCI, they say, merely reviews their work.

Fragmented authority leads to overall coordination problems. A good illustration is the existence of separate counterintelligence budgets in FBI, CIA, NSA, DIA, Army, Navy, and Air Force.¹³⁵ Some are included in the intelligence budget; some are not. Some coordinate with other counterintelligence programs; some do not. The FBI testified, for example, that it does not know if CIA has a counterintelligence group, that it does not know how much CIA's operations cost, and that it does not know if CIA duplicates FBI's work.¹³⁶

Fragmented authority and coordination leave the budget wide open to distortions. Each agency applies its own budget standards.

There is, for example, no standard for allocating the cost of a military base whose primary purpose is to support intelligence operations. The repair of a submarine damaged on intelligence duty may or may not be included in spy costs. The Committee asked OMB, GAO, and all the intelligence agencies for their standards for allocating support costs. No agency had any to offer. No agency had even a basic definition of intelligence.

In a statement prepared for the Committee, the DCI made it clear that there are no good definitions in use today. As he said: "[I]n essence, it boils down to a judgment call."

The Committee has compiled its own set of suggested guidelines.¹³⁷ In addition, a good first step would be to include the same items in the intelligence budget from one year to the next. This alone would have prevented the official intelligence budgets from remaining at constant levels over the past few years, which is fundamentally deceptive.

Footnotes:

¹²⁷A special study done in 1971 by Dr. Schlesinger, as head of OMB, concluded that the foreign intelligence budget was nearly double the amount being told to Congress at that time. See, *A Review of the Intelligence Community*, OMB (March 10, 1971).

¹²⁸One of these was titled "Happy Days," with Mr. Robert Maheu as casting director, make-up man, cameraman and director.

¹²⁹MR. ASPIN: For the record again, tell us who has to approve reprogramming, who is informed, and who approves reprogramming?

"MR. COLBY: I do.

"MR. ASPIN: And that is all?

"MR. COLBY: Yes."

Comm. Hearings . . . Aug. 4, 1975.

¹³⁰In total, the transfer of these programs from the "intelligence" portion of DoD's budget to "Communications" and "Research & Development" by themselves involved hundreds of millions of dollars and thousands of personnel.

¹³¹Some costs for military/tactical activities are disclosed to Congressional Committees in chart form, entitled "Intelligence Related." However, after examination, the staff believes that the charts vastly understate the costs of military/tactical intelligence activities.

¹³²Examples of this would be the Forty Committee, whose sole task is to approve covert action projects, or the Verification Panel and its Restricted Working Group, who verify intelligence indicating alleged Soviet violations of SALT.

¹³³Letter to Staff Director, from Mr. Ogilvie, OMB.

Nov. 12, 1975:
Department of Justice

	FY76 except as noted \$ in K	Personnel
Deputy Attorney General's Office	125	5
Federal Bureau of Investigation	87,119	3385
Drug Enforcement Administration	11,913	463
Immigration & Naturalization Service	814	38
Criminal Division	1,262	51
	101,233	3942
Civil Service Commission		
National Agency Check & Inquiry	3,366	265
Full Field Investigations	15,386	722
Other Investigations	3,082	95
	21,834	1082
Department of Treasury		
Bureau of Alcohol, Tobacco & Firearms	62,929	2269
Customs Service	183,441	7748
Internal Revenue Service		
Intelligence Division	101,942	3813
Internal Security (Inspection)	12,141	555
Secret Service	94,466	2934
INTERPOL dues	140*	—
INTERPOL other	388*	—
	453,447	17,317
Energy Research & Development		
Administration	295	15
TOTALS	578,809	22,356*

*1975 costs

¹⁵⁰Testimony on Aug. 7, 1975 by Eugene W. Walsh, Assistant Director, Administrative Division, Federal Bureau of Investigation:

"MR. FIELD. It sounds like that is all they are over there for and that it is a way of shifting the real cost of intelligence out of that budget. How about the National Bomb Data Center?"

"MR. WALSH. Yes, sir.

"MR. FIELD. That is intelligence?"

"MR. WALSH. It may be in the dictionary's definition, sir, but it is not in ours." Comm. Hearings, Aug. 7, 1975.

¹⁵⁹When Mr. Walsh appeared before the Committee on Aug. 7, 1975, he was asked if FBI was aware of the multitude of counterintelligence programs:

"Are you aware that the CIA, the DIA, the Army, the Navy, the Air Force and NSA, all have their counterintelligence programs?"

"MR. WALSH. I haven't acquainted myself with their programs, sir." Comm. Hearings, Aug. 7, 1975.

¹⁶⁰Mr. Walsh was also asked: "Do you know if the CIA spends more than you do?"

"MR. WALSH. I would certainly think so.

"MR. FIELD. Has anybody in the administration ever told all of these people, who spend multi-millions of dollars, over and over again—really on the same program—has anybody in the vernacular of my generation, told them to 'get their act together'?"

"MR. WALSH. I have no knowledge on that, no sir." Comm. Hearings, Aug. 7, 1975.

¹⁶⁴The Committee used three major classifications:

1. Foreign/National—This intelligence relates to "national" programs (i.e., overhead reconnaissance with various detection and sensing devices) targeted against foreign countries. Intelligence of this nature is "national" in the sense that it is a concerted effort of the CIA; DoD components and State Department.

a. National intelligence is intelligence bearing on the broad aspects of U.S. national policy and national security transcending the competence of a single agency to produce.

2. Domestic Intelligence—This intelligence includes activities of civil departments and agencies such as DEA, IRS, FBI. It is conducted within the United States and directed at U.S. citizenry.

3. Military/Tactical—Intelligence of this nature includes a variety of DoD activities to support military commanders ranging from detailed weapons performance assessments of our adversaries, to R & D projects for upgrading present radar early warning and ocean surveillance and patrol systems.

a. Tactical intelligence is intelligence in support of military plans and operations at the military unit level.

b. Strategic intelligence is intelligence in support of military plans and operations at national and international levels.

2. An Absence of Accountability

The General Accounting Office (GAO) is the auditing arm of Congress. When it comes to intelligence agencies, that arm is no arm at all.

In the early years, GAO was generally limited to an auditing function. With the passage of time, Congress has turned to GAO for more than balancing books. Today, under authority of law, GAO is empowered to analyze the economy and efficiency with which government funds are spent.

The Comptroller General, who heads GAO, testified that he cannot even balance CIA's books, let alone analyze its efficiency. Specifically, he said that from 1962, GAO has made no attempt to audit the CIA, because it was allowed scant access to classified spending.

Last year, GAO was directed to compile basic budgetary information on federal investigative and intelligence functions. It was refused information by CIA, NSA, and intelligence agencies of the Defense



Former CIA Director Colby:
Under considerable pressure to "generate" numbers.

Department. In another recent instance, the FBI refused to permit GAO to examine case files. The Bureau offered special summaries, but refused to allow any verification of those summaries.

The Executive agencies' treatment of GAO is curious. In January 1966, the CIA entered into a sole-source contract with the management consulting firm of Peat, Marwick, Livingston & Co., for a total contract price of \$35,725.00. CIA could have saved taxpayers some money, if it had given GAO access.

CIA officials conceded that these independent consultants were given complete and free access to all classified procurement documents, as well as all personnel concerned with Agency procurement activities. In June 1966, the firm completed its work and issued a full report of findings and recommendations. A cover memorandum addressed to the Inspector General expressed appreciation for the Agency's full cooperation.

By contrast, this Committee's staff encountered lengthy delays in gaining limited access to similar documents and personnel, including the report of Peat, Marwick, Livingston & Co.

The issue is not really whether Congress—with Constitutional responsibility for federal spending—should have equal access with a private company. The issue is whether an objective look at secret expenditures ever takes place.

It does not take place at OMB. GAO cannot look. Even this Congressional investigating committee has now tested access and come up wanting.

Do intelligence agencies themselves adequately audit their own operations? No.

The CIA is a good example. Their audit staff is undermanned for a comprehensive review of complex and extensive agency spending that takes place worldwide. They are allowed to balance books, but they are not always allowed to know the exact purpose of expenditures. Only five percent of all vouchered transactions are checked, even though these add up to 20 percent of CIA's entire budget. Substantive corroborating records are not kept. Their audits de-

viate from the standards of professional Certified Public Accountants, and CIA has not compiled a list of these exceptions to control the deviances.

These and other shortcomings in audit and control, for both foreign and domestic intelligence agencies, lead to an inevitable result—spending abuses.

3. Spending Abuses

The easiest way to illustrate problems encountered in secret spending is to examine a number of mechanisms currently in use, and a number of situations that have grown out of those mechanisms.

a. Covert Procurement

Many CIA covert actions and clandestine operations must be supported in a "non-attributable" manner, which led CIA to establish a covert procurement branch. Unfortunately, covert procurement has become an overused, expensive, and often uncontrollable technique for questionable purchasing.

The branch's activities include support of overseas stations and the procurement of weapons and paramilitary materials. To facilitate these requirements covert procurement has under its control a number of operational, proprietary, and "notional" companies. Notional companies are merely paper firms, with appropriate stationery and checking accounts. These companies make requests to the proprietaries, so the proprietaries can bill an apparently legitimate company for covert requirements. Needless to say, it is an expensive way to buy a refrigerator, and should not be used unnecessarily.

When an overseas station requires an item that cannot be traced to the United States government, it sends a requisition with a special code. One code is for items that should not be traceable to CIA. Another code means it should not be traceable to the U.S. government.

Theoretically, once these codes, called "sterility codes," are attached, there is no more traceable involvement with the government. However, the Committee reviewed documents which showed that items purchased in a non-traceable manner are sometimes transported by U.S. military air pouch, rather than sent by private carrier as a truly non-government purchase would be.

Another procedure which the Committee staff questioned was the routing of requests for small quantities, low-cost, and even non-traceable items through the expensive covert process. The logical alternative would be to have the item purchased either overseas or here with petty cash, avoiding the expense of covert procurement. These included such items as quantities of ball point pens, ping-pong paddles, or hams.

The staff was also unable to determine the reason for certain high-cost items being purchased through this mechanism. Hundreds of refrigerators, televisions, cameras, and watches are purchased each year, along with a variety of home furnishings.

The question is why an American television would be purchased here and sent to Europe if someone was trying to conceal his involvement with the United States? This is especially true because the power requirements abroad are different, and a transformer has to be installed on an appliance bought in the U.S. before it will work. In fact, a large percentage of electrical appliances did not have transformers added, which raises the possibility that these items are being covertly purchased for use in the United States.

The same question arises with the purchases of home furnishings. A review of overseas station purchases showed, for example, that one station bought more than one hundred thousand dollars of furnishings in the past few years. In that context, additional covert purchases here at home seem excessive. Finally, why not buy a Smithfield ham through normal purchasing channels? There is no way that ham could be traced to the CIA or the U.S. government, no matter how it was bought.

As in every other component of the Agency, the effort to maintain secrecy, even within the branch itself, is highly emphasized.

The Committee was told that because proprietary employees do not have a "need to know," they are not put in a position to question any request the Agency might make. Three high procurement officials have conceded that the sterility code is not questioned by the covert procurement staff. The 1966 study by Peat, Marwick, Livingston & Co., stated that there was excessive use of these codes, without justification. ¹⁸⁸ The Committee's investigation indicates that this situation has not been remedied.

b. Local Procurement

The Committee's investigation of the covert procurement mechanism led to a review of records from local or in-field procurement. The staff reviewed records for the past five fiscal years from three typical

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the village voice February 16, 1976

overseas stations varying in size and number of employees. Over-spending and under-auditing seemed to be prevalent.

An example is a medium-sized station that purchased over \$86,000 in liquor and cigarettes during the past five years.¹⁸⁹ The majority of these purchases were designated "operational gifts"—gifts to friendly agents or officials in return for information or assistance.

It would appear that spending practices have an uncanny way of changing with new station chiefs. A station that purchased \$41,000 in liquor in 1971, had a new chief in 1972. Liquor purchases dropped to \$25,000, which is still a lot of liquor.¹⁹⁰

One station had purchased over \$175,000 in furnishings for leased quarters and safehouses.¹⁹¹

In an effort to determine whether this kind of spending is questioned by CIA auditors, the staff interviewed the CIA audit official who audited these stations. He recalled the liquor; and that when he inquired as to the quantity, he was told by the Station Chief that they would "try to hold it down in the future."¹⁹² The same auditor had audited the station that purchased over \$175,000 in furnishings. When questioned, he was not even aware of the total figure.

This experience led the Committee staff to interview several members of the Internal Audit Division, as well as eight overseas case officers and chiefs of station. From these interviews, several things became apparent:

Auditors do not perform thorough reviews of case officers' "advance accounts." At all overseas stations, each case officer is allotted an advance, which is nothing more than a petty cash fund. From this fund, the officer pays operating expenses and the salaries of his agents. He is required by Agency regulations to obtain a receipt for every expenditure, but, due to manpower considerations, these are only spot-checked when audited—which is not often.¹⁹³ Such funds run into millions of dollars each year.

Every case officer and Internal Audit officer conceded that the Agency must "rely solely on the integrity of its case officer." When a case officer's agents refuse to sign receipts, the case officer "certifies" that he expended the funds. A case officer might have as many as ten agents working for him, each of whom may receive between \$50 and \$3,000 per month, all in cash.

Finally, audits of all overseas stations are not performed on a regular basis. It may be two or three years, or more, before a station is audited. Even then, the Committee discovered that recommendations made by auditors are usually not disclosed in the auditor's report to headquarters.

c. Accommodation Procurements

In addition to procuring goods and services for its own use, CIA makes "accommodation procurements" for foreign governments, officials, agents, and others.

The Agency serves more or less as a purchasing agent for an undisclosed principal. Although the individual for whom the accommodation procurement was made advances the necessary funds or repays the Agency after delivery, the indirect administrative costs are borne by American taxpayers. These costs include the salary of the agency purchaser, certain transportation charges, accounting costs, and in some cases the salaries of training and technical personnel.

In investigating one series of accommodation procurements, the Committee learned that a foreign government received a 20 percent discount by having CIA buy equipment in the name of the U.S. government.

If the foreign government had contracted for the same items in its own name, this discount would not have been available. In just two of these actions CIA saved the foreign government over \$200,000, at the expense of American taxpayers.

The Agency will usually refuse to make such procurements only if the requested item might appear to be beyond the requester's financial means, and might therefore give rise to questions about the requester's sources of income. Agency security officers feel that such questions might lead to disclosure of the requester's relationship with the agency.

Accommodation procurements involving less than \$3,000 require only the approval of a CIA chief of station. When larger sums are involved, approval must be obtained from the Deputy Director for Operations. When the amount is more than \$500,000, it must also be approved by the Director of Central Intelligence.

The Committee examined a number of accommodation procurement records. The following two examples illustrate that the facilities and resources of the United States government are sometimes used to satisfy little more than the whims of foreign officials.

In one instance, a foreign official described his son's enthusiasm for model airplanes to the chief of station. The foreign official wanted three model airplane kits, and even advised the CIA officer precisely where the kits could be purchased in the United States. A cable was sent to Agency headquarters asking for the purchase of three kits from the store in Baltimore suggested by the foreign official. Further, the cable instructed that the items were to be designated by a "sterility code," to indicate that the purchase of the kits could not be attributable to the United States government. Documents provided to the Committee in this case by the Agency were sanitized.²⁰⁶

In another instance, the President of an allied nation was preparing to play golf on a hot afternoon. Anticipating his thirst after several hours in the sun, he made a "priority" request to the local chief of station for six bottles of Gatorade. An Agency employee was immediately relieved of his ordinary duties and assigned to make the accommodation procurement.²⁰⁷

Nor was this the chief of state's only experience with the Agency's merchandising talents. In the past, the Agency has purchased for him several automobiles, including at least two custom-built armored limousines²⁰⁸ and, among other things, an entire electronic security system for his official residence. It is worth noting that these security devices are being supplied to a man who runs a police state.

Accommodation procurements have also involved more expensive and politically sensitive items. For example, another head of a one-party state had long been fascinated by certain highly sophisticated electronic intelligence gathering equipment. He wished to develop his own independent collection capability. As an accommodation, and to "share the take," the Agency procured an entire electronic intelligence network for him in two phases. Phase I involved contract costs in excess of \$85,000, and Phase II cost more than \$500,000.

In investigating one series of accommodation procurements for an oil exporting country, the Committee asked CIA officials about the coordination and effect of the Agency's purchasing favors on the foreign country's oil pricing policy. The country's oil policy, incidentally, has not been among the most favorable to the United States. Agency officials were uncertain as to the effect, but they indicated that the two policies are largely considered separate issues.

In return for making accommodation procurements, the Agency is usually reimbursed by the requesting party. Although reimbursement may be in U.S. dollars, it is usually made in local foreign currency.²⁰⁹ The Committee was unable to learn whether the Agency has any firm policy on what rate of currency exchange is to be used in making reimbursement. In many countries, U.S. dollars exchanged for local currency at the official rate bring fewer units of local currency than if exchanged at an unofficial, but more commonly used, rate.

d. Research and Development

CIA has long prided itself on technological capability, and many of its projects operate at far reaches of the "state of the art." Such accomplishments are made by the Agency with assistance and advice from the private sector.

Each year, CIA's Deputy Director for Science and Technology enters into hundreds of contracts with industry, usually in the name of other government agencies.²¹¹ These contracts total millions of dollars for Agency contracts alone. Not only does the Agency contract for its own research and development programs, but also for national intelligence programs. Total contracts for both programs amount to hundreds of millions of dollars, annually.

Committee Staff interviewed numerous members of the Science and Technology Staff. A major target of this investigation was "contractor selection" practices. Although Mr. Colby testified before the Committee that CIA has established management controls to insure that contracting is carried out according to the intent of Congress, the investigation revealed that 84 percent of these contracts are "sole source contracts."

Staff also examined "cost overrun" aspects of research and development contracting. CIA claimed two and one-half percent of all research and development contracts involved cost overruns of 15 percent or more. There is no reason to doubt the figures; however, certain caveats must be considered. Contractors' cost estimates in sole-source contracts can easily be inflated to cover anticipated cost increases. Overruns can also be labeled "changes in scope."

In several interviews with contracting officers, "by the book" answers were given to questions regarding which officer is authorized, and does, accept contract changes. However, one former Agency contracting

officer indicated that, to a considerable degree, the technical representative actually makes the contractual decisions, and the contracting officer then has to "catch up" by preparing contract amendments to legitimize changes already made.

Another target of the investigation was the disposal of Government Furnished Equipment (GFE). Regulations regarding GFE appear to be precise in determining when to "abandon" this equipment. However, the Office of Communications, for example, contracted in 1965 with an electronics company to do research work. The contract required the purchase of a large piece of industrial equipment, as well as related testing equipment. CIA provided funds for the equipment as well as the research.²²¹ The testing equipment cost \$74,000 and the industrial equipment over \$243,000. At the termination of the contract in 1975, the testing equipment was sold to the contractor for \$18,500; the large piece of industrial [equipment] was abandoned in place.

Calls to the manufacturer of this piece of machinery, as well as two "experts" in the field of this particular type of testing, revealed that the machinery which was abandoned, while perhaps "useless" to the Agency, was not a "worthless" piece of equipment which should have been "abandoned." According to documents provided to the Committee, CIA made no attempt to contact other government agencies, to see if the chamber could have been used by another agency.

e. Colleges and Universities

In 1967, *Ramparts Magazine* disclosed CIA support to the National Students Association. As a result, President Johnson issued a flat prohibition against covert assistance to educational institutions, but the Agency unilaterally reserved the right to, and does, depart from the Presidential order when it has the need to do so.²²⁴

There is no evidence that a President authorized this departure from the Johnson directive.

As background, President Johnson had appointed a committee to investigate the matter and make policy recommendations.

Under Secretary of State, Nicholas deB. Katzenbach, and CIA Director, Richard H. Helms, served on the Committee. It recommended that "no federal agency shall provide any covert financial assistance or support, direct or indirect, to any of the nation's educational or private voluntary organizations."

On March 29, 1967, President Johnson issued a statement accepting the recommendation and directing "all agencies of the government to implement it fully."

The Agency then issued internal policy statements to implement the President's orders, stating that, whenever possible, the Agency's identity and sponsorship are to be made known; but the Agency was to clearly retain the option of entering into a covert contract with colleges and universities, after obtaining approval from the Deputy Director for Administration.

Mr. Carl Duckett, Deputy Director for Science and Technology, testified before the Committee on November 4, 1975, that the Agency still has on-going contracts with "a small number of universities." Mr. Duckett also revealed that some of the contracts involved "classified work," and some are covert.

f. U.S. Recording

On October 9, 1975, the Committee held hearings on electronic surveillance in the United States. One of the witnesses, Mr. Martin Kaiser, was a manufacturer of electronic surveillance and counter-measure equipment. In the course of his testimony, he revealed that all sales of his equipment were routed—pursuant to FBI instructions—through a cut-out or middle-man, U.S. Recording Company, of Washington, D.C.²³²

The equipment was neither modified nor serviced by U.S. Recording. Kaiser testified that he delivered 80 percent of his equipment directly to the FBI. On one such occasion Kaiser noticed an invoice from U.S. Recording for equipment he had supplied, and it showed that U.S. Recording had tacked on 30 percent more than it had paid for the devices.²³³

The mark-up interested Committee investigators because, according to Kaiser, the middle-man had handled only paperwork and deliveries. The staff therefore acquired records of all sales between U.S. Recording and the FBI involving Kaiser's equipment. A Committee staff accountant did a detailed study and determined that the 30 percent mark-up on the invoice seen by Mr. Kaiser was representative of all such sales.

As a result of numerous interviews, it became apparent that Mr. Joseph Tait—the President of U.S. Recording—was a long time friend and poker-playing

companion of Mr. John P. Mohr, the Associate Director of the FBI in charge of Administration until 1972.²³⁶

During the course of investigation, the staff learned the poker games had been held at the Blue Ridge Club near Harpers Ferry, West Virginia, on several weekends each year for the past decade.²³⁷ Guest lists included FBI officials connected with the Administrative Division, OMB officials, and a procurement officer from CIA. The only non-governmental officials at the poker games were Tait, and Mr. Gus Oberdick—the President of Fargo International—a supplier of police equipment to the FBI and CIA.²³⁸ Mr. Mohr had invited all the guests, although Mr. Tait was the only person in the poker games who possessed membership in the Blue Ridge Club.

Interestingly, the Blue Ridge Club burned to the ground the evening before two staff attorneys traveled to Harpers Ferry to examine its records.

Most purchasing procedures of the FBI are governed by General Services Administration (GSA) regulations. However, confidential contracts are not subject to GSA regulations or supervision. The U.S. Recording Company was the sole company serving as an FBI cutout.²³⁹ Interviews revealed that there was virtually no control exercised over the confidential contracts between U.S. Recording Company [and] the FBI.

Neither the Laboratory Division, which initiated the equipment requisitions, nor the Administrative Division, which authorized the requisitions, had any knowledge of the percentage markup being charged. The General Services Administration was consulted and gave an opinion that an appropriate mark-up for similar services would have been in the 5 percent range.

FBI's use of U.S. Recording was apparently motivated by the need for secrecy in purchases of sensitive electronic equipment. That justification appears questionable. In most instances, FBI Laboratory Division personnel negotiated for equipment directly with the manufacturers. When manufacturers later received purchase orders from U.S. Recording, for equipment with corresponding model number, quantities, and prices, it was apparent that the equipment was indeed going to FBI. In fact, the FBI told Kaiser that they were using U.S. Recording Company and not to worry about it.

FBI's use of U.S. Recording represents a grossly inefficient expenditure for intelligence equipment. Similarly, the fact that the persons within the FBI responsible for requisitioning and purchasing the equipment had no clear knowledge of the chain of authority regarding the arrangement, is at best, nonfeasance. Further ramifications are presently being investigated by the Criminal Division of the Justice Department, and by the IRS. The Committee has made its information on this matter available to both authorities.

Footnotes:

²³⁶ "Sterility Codes," as they are termed within the Agency, designate the "degree of traceability" which can accompany an item procured or shipped. These codes range from "unclassified," which may be attributed to CIA, to a code which designates that a purchase is so sensitive that it is an "off-shore purchase of a foreign item."

²³⁷ This was one of many deficiencies and recommendations highlighted by the study. Some of the recommendations were adopted; most were not, according to the Committee's investigation.

²³⁸ This figure was computed by Committee staff during several reviews of Local Procurement expenditures for one of the three typical overseas situations.

²³⁹ Those two figures were likewise computed by Committee staff during reviews of Local Procurement records. The same Agency employee who was chief of the station in 1971, is now responsible for CIA operations in Angola.

²⁴⁰ Figures computed by staff during review of local procurement expenditures. "Leased Quarters" are housing units supplied by CIA for staff or contract employees at field stations. "Safehouses" are housing units where the Agency's primary interest is that of a secure location to conduct clandestine meetings; its housing function, per se, is only incidental. The Agency also provides furnishings for these quarters, such as refrigerators, ranges, and living room furniture, and at times provides luxury items, such as china or crystal ware.

²⁴¹ Interview with Auditor, by S. A. Zeune, Oct. 29, 1975. The auditor concurred, with another high level Agency official, that in the country in question, it was "traditional" to give liquor and cigarettes as gifts. He also stated, "the controls on the issuances [of liquor] are not so stiff."

²⁴² Ibid. Agency regulations permit expenditures of less than \$15.00 without receipts.

²⁴³ Staff interviews with case officers and a former Chief of Station revealed this fact. Interviews, by S. A. Zeune, Oct. 17 & 24, 1975, copies on file with

Sel. Comm. on Intell. Further, it was revealed during these interviews that polygraph examinations of staff employees, at one time carried out on a regular basis, are no longer performed except during pre-employment investigations. The agency continues, however, to polygraph indigenous agents on a regular basis.

²⁴⁴ This information first came to the attention of the Committee from staff review of requisition documents in Sept., 1975. Further inquiry about the model plans purchases led CIA to give staff access to the cables.

²⁴⁵ This was related to Staff, in response to questions concerning "accommodation procurements" made for the President of the allied country. The response was supplied by the former Chief of Station in the country. Interview with Chief of Station, by S. A. Zeune, Oct. 31, 1975; copy on file with Sel. Comm. on Intell.

²⁴⁶ CIA documents made available to the Committee revealed that the Agency made three such accommodation procurements for the Chief of State. In all three instances—three times in the last ten years—the Chief of State requested that CIA procure the limousines. A Staff interview with the former Chief of Station disclosed that in the instances concerning the limousines, the Agency was reimbursed by way of American currency, hand-delivered in bags or briefcases to the Station. In one instance, the transaction

contracting arrangements with academic institutions, and this can be carefully monitored and accomplished within the policies and principles expressed in the Katzenbach report. Memorandum for Director of Central Intelligence, June 21, 1967.

²⁴⁷ I began my relationship with the FBI around 1967 or 1968. All my correspondence was sent directly to the FBI. However, I think it was on only one occasion that the Bureau ever contacted me personally. All other addresses were made personally or verbally. Once they began purchasing equipment I was directed not to send this equipment to the FBI, but rather sell it to a company known as United States Recording, a private company operating on South Capitol Street in Washington, D.C. I informed the Bureau, as if they needed that piece of information, that Federal law would not allow me to sell equipment to anyone except bona fide governmental agencies. The FBI agents assured me my actions were proper and subsequently supplied a stamp to United States Recording which purported to certify on the purchase order that the transaction was in accordance with Federal law. Comm. Hearings, Oct. 9, 1975.

²⁴⁸ I might point out at this time, by the way, that nearly all the equipment deliveries I made to the Equipment Bureau involving orders to United States Recording were handled by me, and billed to



American troops under fire in the Tet offensive, January, 1968. "Pearl Harbor all over again."

involved the equivalent of (U.S.) \$50,000. Further, the documents appeared to reveal that the Agency was not disturbed by the fact that the President, in two instances, did not reimburse the full balance to the Agency until some months after the transaction had taken place. Interview with Chief of Station, by S. A. Zeune, Oct. 31, 1975; copy on file with Sel. Comm. on Intell.

²⁴⁹ A Staff interview with the member of CIA Review Staff, (and former Chief of Station) revealed that this is considered a further accommodation to the requesting party, inasmuch as the local currency is certain to be more readily available than U.S. dollars.

²⁵⁰ For security reasons, CIA usually contracts in the name of other government agencies, such as Department of Defense, Air Force, or Army. Contractor employees are usually unwitting of CIA's association; although in most cases a high company officer will be briefed by the Agency on a "need to know" basis.

²⁵¹ In this instance, CIA did not advance the funds to the contractor for the purchase of the test equipment or the industrial equipment. The cost of both was added to the contractor's fee to the Agency. Interview with Office of Communications staff members, by S. A. Zeune and J. C. Mingee, Oct. 28, 1975, copy on file with Sel. Comm. on Intell.

²⁵² 3. It is proposed that upon your approval: "a. The attached guidelines be applied immediately to all future contractual arrangements with U.S. educational institutions.

"b. Contracts and grants now in existence be conformed to these guidelines as rapidly as feasible and wherever possible, no later than 30 December 67 for relationships that will extend beyond that date. . . . The thrust of the review of existing contracts and the placement of future contracts will be that our contractor relationships with academic institutions will be strongly on the premise that CIA will be identified as the contractor. . . . Any special contract arrangement will be considered only when there is extremely strong justification warranting a variance from the principles of CIA identification as the contractor. It is felt that the Agency must retain some flexibility for

United States Recording. So the paperwork went through that route. I discovered at one time that United States Recording was adding a 30 percent markup on the bills for the equipment. During my dealings with the Federal Bureau of Investigation, I sold them approximately \$100,000 worth of electronic equipment. Comm. Hearings, Oct. 9, 1975.

²⁵³ MR. VERMEIRE: Mr. Tait, I believe at the last deposition, November 21, you mentioned that you had played poker on a number of occasions with Mr. John Mohr, former Assistant Director of the FBI.

"MR. TAIT: Yes." Interview with Mr. Tait, by J. B. P. Oliphant and R. Vermeire, Dec. 1, 1975; copy on file with Sel. Comm. on Intell.

²⁵⁴ MR. VERMEIRE: And I think you testified that you had played poker with him not only privately at each other's homes or homes in the area but also at a club up in Harpers Ferry. I think at the time that is all that was said; it was up in Harpers Ferry.

"MR. TAIT: That's right."

"MR. VERMEIRE: What was the name of that club?"

"MR. TAIT: Blue Ridge."

"MR. VERMEIRE: How did you become a member of the club?"

"MR. TAIT: I used to play cards up there . . . with another man by the name of Parsons, Donald Parsons, (former Chief of the FBI Laboratory Division)."

"MR. VERMEIRE: And was Mr. Parsons alive when you became a member?"

"MR. TAIT: No."

"MR. VERMEIRE: How long had you been playing at the club prior to becoming a member?"

"MR. TAIT: I don't know. I'd say probably four or five years."

"MR. VERMEIRE: Who is the one business person who was connected with private enterprise that was there?"

"MR. TAIT: A man by the name of Oberdick."

"MR. VERMEIRE: Mr. Oberdick?"

"MR. TAIT: Yes."

"MR. VERMEIRE: May I have his first name?"

"MR. TAIT: Godfrey."

"MR. VERMEIRE. What business was he in?

"MR. TAIT. He is—I don't know exactly what you would say. He is a representative to various companies that supply equipment. What companies, I'm not sure.

"MR. VERMEIRE. What kind of equipment?

"MR. TAIT. Firearms, tear gas." *Ibid.*

²³⁹This fact was established through numerous staff interviews with knowledgeable FBI personnel in the Laboratory and Administrative Divisions.

"MR. VERMEIRE. Were there other companies that you dealt with in that way?

"MR. HARWARD. I don't know of any company.

"MR. VERMEIRE. U.S. Recording is the only company that you know of that you had this confidential relationship with?

"MR. HARWARD. Yes." Interview with Mr. Harward.

4. Budget Secrecy

During Senate hearings in 1973, to confirm James Schlesinger as Secretary of Defense, Mr. Schlesinger indicated it might be possible to make public the total budget cost of foreign intelligence. When William Colby was confirmed as head of CIA in 1973, he, likewise, testified that publication of budget totals might not be harmful.²⁴⁴

In a television interview some years later, Dr. Schlesinger inadvertently revealed the size of the foreign intelligence budget. No great harm apparently came from that disclosure.

In 1973, a recommendation to publish the annual costs of intelligence was made by a Senate Special Committee to Study Questions Related to Secret and Confidential Documents.

On June 4, 1974, Senator J. William Proxmire of Wisconsin offered a floor amendment to a defense procurement authorization bill. His amendment would have required the Director of Central Intelligence to provide Congress with an annual, unclassified report describing the total amount requested for the "national intelligence program" in the Budget submitted by the President.

In June 1975, the report of the Rockefeller Commission recommended that Congress carefully consider whether all or part of the CIA budget should be made public.

On October 1, 1975, Representative Robert N. Giaimo of Connecticut offered a floor amendment to a defense appropriations bill, prohibiting any of the funds provided for "Other Procurement, Air Force" from being expended by the CIA. Had the amendment been adopted, a subsequent amendment would have been offered to restore funds for the CIA, and a specific total for the agency would have been disclosed.

Today, however, taxpayers and most Congressmen do not know, and cannot find out, how much they spend on spy activities.

This is in direct conflict with the Constitution, which requires a regular and public accounting for all funds spent by the federal government.

Those who argue for secrecy do not mention the Constitution. They do not mention taxpayers. Instead, they talk of rather obscure understandings the Russians might derive about some specific operation,²⁵¹ even if all the Russians knew was a single total, which would be in the billions of dollars and would cover dozens of diverse agencies.

How the Russians would do this is not clear. The Committee asked, but there was no real answer. What is clear is that the Russians probably already have a detailed account of our intelligence spending; far more than just the budget total.²⁵² In all likelihood, the only people who care to know and do not know these costs today are American taxpayers.

Footnotes:

²⁴⁴When the same question was put to William E. Colby during his confirmation hearings to be Director of Central Intelligence, he replied: I would propose to leave that question, Mr. Chairman, in the hands of the Congress to decide. . . . We are not going to run the kind of intelligence service that other countries run. We are going to run one in the American society and the American constitutional structure, and I can see there may be a requirement to expose to the American people a great deal more than might be convenient from the narrow intelligence point of view." Cong. Rec. S. 9603, June 4, 1974.

²⁵¹CHAIRMAN PIKE. . . . Do you think the Soviets know what our intelligence effort is?

"MR. COLBY. They know a good deal about it, from the various books that have been published by 'X' members of the intelligence community." Comm. Hearings. . . . Aug. 6, 1975.

²⁵²CHAIRMAN PIKE. . . . Don't you think really that the Soviets have a far better estimate of what we are spending for intelligence than the average tax-

payer in America has?

"MR. COLBY. I think they have put a great deal of time and attention trying to identify that, and they undoubtedly have a better perception of it than the average taxpayer who just takes the general statements he gets in the press. But—and that comes from the careful analysis of the material that is released. This does help you get a more accurate estimate of what it is." *Ibid.*

Performance

It is one thing to conclude that tens of billions of intelligence dollars have been rather independently spent, and sometimes misspent, over the past few years.

The important issues are whether this spending sufficiently meets our needs, whether Americans have received their money's worth, and whether non-monetary costs sometimes outweigh the benefits.

The latter question is a matter of risks. . . . To test the first two questions, the Committee investigated a representative spectrum of recent events. Some involved war; some involved law enforcement. Some involved American lives overseas; some involved per-

vented measurement of changes in enemy strength over time. Second, pressure from policy-making officials to produce positive intelligence indicators reinforced erroneous assessments of allied progress and enemy capabilities.

a. The Order of Battle Controversy

According to Mr. Colby, the CIA had been suspicious of MACV's numerical estimate of the Vietnamese enemy since at least mid-1966. At an order of Battle conference held in Saigon in September, 1967, the differences between Washington and the field, and between CIA and MACV, were thrashed out; but according to Mr. Colby, to neither's satisfaction.

A resulting compromise represented the best resolution of MACV's preoccupation with viewing the order of battle in the classic military sense and CIA's assessment of enemy capabilities as a much broader people's war. The Special National Intelligence estimate that emerged from this conference quantified the order of battle in MACV terms, and merely described other potential enemy forces. Categories now proposed from previous estimates of order of battle detailed as much as 200,000 irregular personnel, self- [one word illegible] and secret self-defense forces,



Soviet troops in Prague, August 1968: For two weeks the U.S. had "lost" the Red Army.

sonal freedoms at home. All involved important interests. How did intelligence perform? Let the events speak for themselves.

1. Tet: Failure to Adapt to a New Kind of War

War in Vietnam meant that intelligence had to adapt to an unconventional war, and true perceptions could spell life or death for Americans. In Tet, perceptions were shattered.

Taking advantage of the Vietnamese lunar holiday, the North Vietnamese and Viet Cong forces launched an all-out offensive on January 30, 1968, against virtually every urban center and base in South Vietnam. The scale of attacks was unprecedented in the history of American involvement in the Vietnam War and flatly challenged the reassuring picture intelligence officials in Saigon and Washington had helped present to the American people.

With nearly all provincial capitals under siege, the American embassy compound was penetrated by the Viet Cong, and the pacification program set back in all areas; predictions of successes, announced scant months before, had turned into one of the greatest misjudgments of the war.

The Committee's investigation of Tet focused on the questions of warning in a combat situation and communicating the realities of a guerrilla war to executive branch policy-makers. Both are interrelated. Mr. William Colby and the post-mortems certify, "warning of the Tet offensive had not fully anticipated the intensity, coordination and timing of the enemy attack." A chief cause was our degraded image of the enemy.

There were at least two primary causes for such degradation. First, the dispute between CIA and MACV (Military Assistance Command, Vietnam) over enemy strength—called Order of Battle figures—created false perceptions of the enemy U.S. forces faced, and pre-

pared assault [one word illegible] and political cadre.

As foot soldiers realized at the time, and as different studies by the Army Surgeon General confirm, the destructiveness of mines and booby traps, which irregular forces set out, was increasingly responsible for American losses. This was primarily because American forces were engaging the enemy with increased frequency in his defensive positions. Documents indicate that, even during the Order of Battle Conference, there was a large increase in sabotage for which irregulars and civilians were responsible. It appears clear in retrospect that, given the nature of protracted guerrilla war, irregular forces were basic determinants of the nature and scope of combat.

The numbers game not only diverted a direct confrontation with the realities of war in Vietnam, but also prevented the intelligence community, perhaps the President, and certainly Members of Congress, from judging the real changes in Vietnam over time. The Saigon Order of Battle Conference dropped numbers that had been used since 1962, and used those that were left in what appears to have been an arbitrary attempt to maintain some ceiling. It prompted Secretary of State Dean Rusk to cable the American Embassy in Saigon, on October 21, 1967: "Need your recommendation how to resolve problem of unknown percentage of enemy KIA (Killed in Action) and WIA (Wounded in Action) which comes from ranks of self-defense, assault youth and VC civilian supporters. Since these others not carried as part of VC strength, indicators of attrition could be misleading."

When the Systems Analysis office in the Department of Defense examined the results of the conference and reinterpreted them in terms consistent with prior quantification, it remarked that the new estimate should have been 395,000-480,000 if computed on the same basis as before. "The computations do not show that enemy strength has increased; but that previous estimates of enemy strength were too low."

In the context of the late 1960's, numbers were not at all an academic exercise. Mr. Colby has testified that "The . . ."

respect to the enemy strength was a part of the advising of our government as to the amount of effort we would have to spend to counter that kind of (guerrilla) effort by the Viet Cong. They were also used to inform Members of Congress and the American public on the progress in Vietnam.

The validity of most of the numbers was significantly dubious. Unfortunately, they were relied on for optimistic presentations. For example, while mentioning in parenthetical and classified comments that the numbers supporting its indicators of progress in Vietnam were suspect, the Bureau of Intelligence and Research provided Assistant Secretary of State William Bundy with quantified measures of success.²⁶³ General Westmoreland used such figures to support his contentions in the fall of 1967, that the enemy's "guerrilla force is declining at a steady rate."

In testimony before this Committee, Mr. Colby has stated that the "infatuation with numbers" was "one of the more trying experiences the Intelligence Community has had to endure." In the context of the period it appears that considerable pressure was placed on the Intelligence Community to generate numbers, less out of tactical necessity than for political purposes.

The Administration's need was for confirmation of the contention that there was light at the end of the tunnel, that the pacification program was working and generally that American involvement in Vietnam was not only correct, but effective.²⁶⁴ In this sense, the Intelligence Community could not help but find its powers to effect objective analysis substantially undermined. Whether this was by conspiracy or not is somewhat irrelevant.

b. The Consequences

Four months after the Saigon Order of Battle Conference, the Tet offensive began. On February 1, hours after the initial mass assaults, General Westmoreland explained to a press conference, "I'm frank to admit I didn't know he (the enemy) would do it on the occasion of Tet itself. I thought he would do it before or after." The U.S. naval officer in command of the river forces in the Mekong Delta and his army counterpart were similarly caught off guard. Appalled at how poorly positioned they were to provide quick and efficient response, the naval officer, now a retired Vice Admiral, has told the Committee that he "well remember(s) the words of the Army General who brought us the orders to extricate ourselves from the mudflats as fast as possible. They were, 'It's Pearl Harbor all over again.'"

The April, 1968, post-mortem done by a collection of intelligence officers discussed the general question of warning. It concluded that while units in one corps area were on alert, allied forces throughout the country generally were caught unprepared for what was unfolding. Certain forces even while "on a higher than normal state of alert" were postured to meet "inevitable cease-fire violations rather than attacks on the cities." In other areas "the nature and extent of the enemy's attacks were almost totally unexpected." One-half of the South Vietnamese army was on leave at the time of the attacks, observing a 36-hour standdown.

In testimony before this Committee, both General Graham and William Colby confirmed the fact of some amount of surprise. General Graham preferred to label it surprise at the enemy's "rashness." Mr. Colby spoke of a misjudgment of their potential "intensity, coordination and timing."

Even though quick corrective action was taken to salvage American equipment and protect U.S. personnel, the ultimate ramifications on political and military fronts were considerable. General Westmoreland requested a dramatic increase of 206,000 in U.S. troop strength, and additional equipment supplies. Secretary of Defense Clark Clifford began rethinking the substance of intelligence. A collection of intelligence officers finally briefed the President of the United States on the realities of the Vietnam War in mid-March, and a few days later he announced he would not seek re-election.²⁷¹

c. The Aftermath

The Committee received testimony that problems with intelligence in Vietnam were not confined to Tet. Up to the last days of South Vietnam's existence, certain blinders prevented objective reporting from the field and an accurate assessment of the field situation by Washington. Tet raised the issue of whether American intelligence could effectively account for enemy strength. Later events, among them the collapse of the Saigon government, pointed to a failure to properly acknowledge weaknesses of allies.

A real attempt to address the shortcomings of friendly forces in Vietnam was hampered by many

factors. During the time of massive American presence, there was a failure to attribute at least partial South Vietnamese "success" to American air power and logistics support. Consequently, projected ARVN performance in 1975, after the U.S. pullout, was measured against the yardstick of the Easter Offensive of 1972, when American support was crucial.

Mission restrictions curtailed necessary collection activity by professional intelligence officers, and forced reliance on officials charged with military aid responsibilities. This promoted biased interpretations.²⁷⁴

The sum total of restrictions, manipulations, and censorship no doubt led to the conclusion Secretary of Defense, James R. Schlesinger reached at an April, 1975, news conference. He pointed out that "the strength, resiliency and steadfastness of those forces (South Vietnamese) were more highly valued than they should have been; so that the misestimate, I think, applied largely to Saigon's capabilities rather than Hanoi's intentions."

Ultimately, the Vietnam intelligence experience is a sobering reminder of the limitations and pitfalls the United States can expect to encounter if it chooses to align itself in unconventional battle with unconventional allies. It illustrates how very different guerrilla war is from World War II, and how much more problematic an alliance with emerging and unstable Third World governments will be.

Reviewing the American experience in Indochina, an Assistant Secretary of Defense for Intelligence wrote a note of caution to the Secretary of Defense emphasizing the following view:

"The problems that occurred in Vietnam or Cambodia can now be occurring in our efforts to assess an allied and an adversary Third World country's forces, forces in the Persian Gulf or forces in the Middle East. These problems must be addressed before the U.S. becomes involved in any future crisis in the Third World that requires objective and timely intelligence analysis."

Given the substantial American involvement in these areas, strong remedies and honest retrospection appear necessary to overcome and prevent intelligence output that fails, for whatever reason, to present comprehensive and undisguised perceptions of war.

Footnotes

²⁶³The memorandum to William Bundy is from Fred Greene of the State Department's Bureau of Intelligence and Research and is dated Sept. 22, 1967. It notes that claims of enemy captured, enemy recruited, weapons lost, desertions, incidents of battalion size attacks, killed in action, vital roads opened, and the percentage of population under South Vietnamese control are not supported by the statistics. The memorandum also advises that Mr. Bundy not bring to light other figures that present a negative picture.

After alleging that the VC was having difficulties in its recruitment, Mr. Greene goes on to point out, in a confidential comment that "Recruitment statistics should be avoided since they are based on a relatively small number of reports of dubious reliability. Moreover, any use of recruitment figures might well be used by our critics to question the reliability of our estimates on Communist order of battle, a subject which almost certainly will soon cause us considerable public relations problems."

²⁶⁴It is significant that the enemy has not won a major battle in more than a year. In general, he can fight his large forces only at the edges of his sanctuaries. His Viet Cong military units can no longer fill their ranks from the South but must depend increasingly on replacements from North Viet Nam. His guerrilla force is declining at a steady rate. More problems are developing within his ranks." He concluded by saying, "The enemy has many problems: He is losing control of the scattered population under his influence. He is losing credibility with the population he still controls. He is alienating the people by his increased demands and taxes, where he can impose them. He sees the strength of his forces steadily declining. He can no longer recruit in the South to any meaningful extent; he must plug the gap with North Vietnamese. His monsoon offensives have been failures. He was dealt a mortal blow by the installation of a freely elected representative government. And he failed in his desperate effort to take the world's headlines from the inauguration by a military victory." General Westmoreland, "Progress Report on the War in Viet Nam," before the National Press Club, Washington, D. C., Nov. 21, 1967.

²⁶⁶According to George Allen, pressure was put on CIA by Walt Rostow, Assistant to the President for National Security Affairs, to prepare positive indicators of progress in the pacification program. When Mr. Allen suggested that there were few, he received the reply, "I am amazed at your unwillingness to sur-

port your President in his time of need." Rostow then requested that the Office of Current Intelligence produce a compilation of extracts showing progress, which OCI did, while attaching a cover letter caveat. Rostow removed the cover letter and reported to the President "at last an objective appraisal from CIA." Staff interview with George Allen, Dec. 1, 1975.

²⁷¹Immediately after the Tet offensive, President Johnson began to seek independent assessments of the US role in Vietnam. Turning first to Dean Acheson, the former Secretary of State, he solicited opinions from an informal study group, known as the "Wise Men." Startled by the pessimism of these advisors from outside of the government, the President demanded an individual presentation of three briefings provided to the group, in order to discover "who poisoned the well." George Carver from CIA opined that the President had a two-audience problem and could not very well continue to tell the Americans one thing and the Vietnamese another.

Staff interview with George Carver, Jan. 9, 1975.
²⁷⁴Defense attaches in Vietnam held the dual responsibilities of monitoring military aid and coordinating intelligence reporting on friendly forces. The former tended to affect the latter, and attaches would use supply figures to interpret South Vietnamese capabilities toward the end of the war.

The Ambassador in Vietnam in 1975 "personally and through his Political Section monitored very closely the intelligence reporting from Vietnam." Reports on the political and economic conditions (including reports on corruption) were either censored or retained within the Embassy (See Henry A. Shockey, "Intelligence Collection in Vietnam, March 1974-March 1975" in Appendix.)

2. Czechoslovakia: Failure Of Tactical Warning

The Czechoslovakia crisis challenged our ability to monitor an attack by the Soviet Union—our prime military adversary. We "lost" the Russian army for two weeks.

Forces of the Warsaw Pact invaded Czechoslovakia on August 20, 1968, to overthrow the Dubcek regime which, since spring, had been moving toward liberal, independent policies the Soviets could not tolerate. U.S. intelligence had understood and reported the basic issues in the developing Soviet-Czech confrontation, and concluded that the Soviets were capable of launching an invasion at any time.

Intelligence failed, however, to provide a warning that the Soviets had "decided to intervene with force." Consequently, President Johnson first learned of the invasion when Soviet Ambassador Dobrynin visited the White House and told him.

A review of U.S. intelligence performance during the Czech crisis indicates the agencies were not up to the difficult task of divining Soviet intentions. We knew Soviet capabilities, and that the tactical decision to invade might leave only hours of advance warning. The CIA, DIA, and NSA should have been prepared for lightning-quick reaction to Soviet military moves.

Czech radio broadcast news of the invasion at 8:50 p.m., Washington time. CIA translated and transmitted its reports of invasion to Washington at 9:15 p.m. By that time, President Johnson had already met his appointment with the Soviet Ambassador.

U.S. technical intelligence learned of the Soviet invasion several hours before—but the information did not reach Washington until after the Czech radio message. The CIA later concluded that the information "might have made a difference" in our ability to provide the tactical warning.

One alarming failure of intelligence prior to the invasion occurred during the first two weeks in August, when U.S. intelligence could not locate a Soviet combat formation, which had moved into northern Poland. Director Helms later admitted he was not "happy about those two weeks" when he could not locate the Soviet troops.

Information from technical intelligence, which would have been helpful, was not available until days later. Clandestine reporting in the previous weeks had been so slow to arrive it proved of little value to current intelligence publications.

Director of Central Intelligence Richard Helms reported to the President's Foreign Intelligence Advisory Board in October, 1968, that the intelligence record of failing to detect the actual attack "distresses me." The Director provided reassurances that the record would have been better "if West Germany had been the target rather than Czechoslovakia."

In 1971, a Presidential Commission reported to President Nixon that its review of U.S. ability to respond to sudden attack had found serious weaknesses. The Pentagon was directed to improve its warning system. Improvement to the very best pos-

sible degree is, of course, the minimum acceptable standard. There will be no more important area for Congressional oversight committees to explore thoroughly.

3. The Mid-East War: The System Breaks Down

The Mid-East war gave the intelligence community a real test of how it can perform when all its best technology and human skills are focused on a known world "hot spot." It failed.

On October 6, 1973, Egypt and Syria launched a major assault across the Suez Canal and Golan Heights against a stunned Israel. Although Israel eventually repelled the attack, at a cost of thousands of lives, the war's consequences cannot be measured in purely military terms.

For Americans, the subsequent U.S.-Soviet confrontation of October 24-25, 1973, when the Soviets threatened to unilaterally intervene in the conflict, and the Arab oil embargo are reminders that war in the Middle East has a direct impact on our own national interests.

The Committee's analysis of the U.S. intelligence performance in this crisis confirms the judgment of an intelligence community post-mortem that "the principal conclusions concerning the imminence of hostilities... were... quite simply, obviously, and starkly... wrong." Even after the conflict had begun, we did not accurately monitor the course of events.

The important question is what went wrong?

The last relevant National Intelligence Estimate before the October War was published five months earlier, in May, 1973, during a particularly bad period in Arab-Israeli relations. That estimate addressed the likelihood of war "in the next few weeks." No long-range view was presented, and the crisis soon passed.

The only intelligence report concerned with future political-military issues was a May 31, 1973, Bureau of Intelligence and Research (INR) memorandum to Secretary of State Rogers. The authors reasoned correctly that Egypt's President Sadat, for political reasons, would be strongly tempted to resort to arms if diplomacy proved fruitless. Accordingly, the report concluded, the "resumption of hostilities by autumn will become a better than even bet" should the diplomatic impasse continue.

By September 30, 1973—less than a week before the attack—INR had lost "the wisdom of the Spring." By then, all U.S. intelligence agencies argued that the political climate in the Arab nations was not conducive to a major war. Intelligence consumers were reassured that hostilities were not likely.²⁹²

The next question is why this happened.

Analytical bias was part of the problem.²⁹³ In the summer of 1973, the Defense Intelligence Agency (DIA), CIA, and INR all flatly asserted that Egypt was not capable of a major assault across the Suez Canal. Syria, they said, was "not much of a threat either, despite recent acquisitions of sophisticated Soviet... missile systems and other material."

One reason for the analysts' optimism can be found in a 1971 CIA handbook, in a passage reiterated and reinforced in discussions in early October, 1973. The Arab fighting man, it reported, "lacks the necessary physical and cultural qualities for performing effective military services." The Arabs were thought to be so "clearly inferior that another attack would be irrational and, thus, out of the question."

No doubt this attitude was not far in the background when CIA advised Dr. Kissinger on September 30, 1973, that "the whole thrust of President Sadat's activities since last spring has been in the direction of bringing moral, political, and economic force to bear on Israel in tacit acknowledgment of Arab unpreparedness to make war."

That analysis is quite surprising, in light of information acquired during that period, which indicated that imminent war was a distinct possibility. By late September, for example, CIA had acquired vital evidence of the timing and warlike intentions of the Arabs. The source was disbelieved, for reasons still unclear.

There were other positive indications. In late September, the National Security Agency began picking up clear signs that Egypt and Syria were preparing for a major offensive. NSA information indicated that [a major foreign nation] had become extremely sensitive to the prospect of war and concerned about their citizens and dependents in Egypt. NSA's warning escaped the serious attention of most intelligence analysts responsible for the Middle East.²⁹⁹

The fault may well lie in the system itself. NSA intercepts of Egyptian-Syrian war preparations in this period were so voluminous—an average of hundreds of reports each week—that few analysts had time to

digest more than a small portion of them. Even fewer analysts were qualified by technical training to read raw NSA traffic. Costly intercepts had scant impact on estimates.

These reports lacked visibility and prestige to such a degree that when, two days before the war, an NSA briefer insisted to General Daniel Graham of CIA that unusual Arab movements suggested imminent hostilities, Graham retorted that his staff had reported a "ho-hum" day in the Middle East. Later, a key military analyst claimed that if he had only seen certain NSA reports, which were so "sensitive" they had not been disseminated until after the war began, he would have forecast hostilities.³⁰²

There was testimony that Dr. Kissinger's secrecy may also have thwarted effective intelligence analysis. Kissinger had been in close contact with both the Soviets and the Arabs throughout the pre-war period. He, presumably, was in a unique position to pick up indications of Arab dissatisfaction with diplomatic talks, and signs of an ever-increasing Soviet belief that war would soon break out. When the Committee was denied its request for high-level reports, it was unable to learn whether Kissinger elicited this information in any usable form. It is clear, however, that the Secretary passed no such warning to the intelligence community.³⁰³

The Committee was told by high-U.S. intelligence officials and policy-makers that information from high-level diplomatic contacts is of great intelligence value as an often-reliable indicator of both capabilities and intentions. Despite the obvious usefulness of this information, Dr. Kissinger has continued to deny intelligence officials access to notes of his talks with foreign leaders.

The morning of the Arab attack, the Watch Committee—which is responsible for crisis alerts—met to assess the likelihood of major hostilities. It concluded that no major, coordinated offensive was in the offing.³⁰⁴ Perhaps one of the reasons for this was that some participants were not "cleared" for all intelligence data, so the subject and its implications could not be fully discussed.

The entire system had malfunctioned. Massive amounts of data had proven indigestible by analysts. Analysts, reluctant to raise false alarms and lulled by anti-Arab biases, ignored clear warnings. Top-level policy-makers declined to share perceptions gained from talks with key Arab and Soviet diplomats during the critical period. The fact that Israeli intelligence, to which the U.S. often deferred in this period, had been wrong was small consolation.

Performance did not measurably improve after the war's outbreak, when the full resources of the U.S. intelligence community were focused [there].

The Defense Intelligence Agency, having no military contingency plan for the area, proved unable to deal with a deluge of reports from the war zone, and quickly found itself in chaos. CIA and INR also engulfed Washington and each other with situation reports, notable for their redundancy.

Technical intelligence-gathering was untimely, as well as indiscriminate. U.S. national technical means of overhead coverage of the Middle East, according to the post-mortem, was "of no practical value" because of time problems. Two overflight reconnaissance missions, on October 13 and 25, "straddled the most critical phase of the war and were, therefore, of little use."³¹⁰

The U.S. failure to accurately track war developments may have contributed to a U.S.-Soviet confrontation and troop alert called by President Nixon on October 24, 1973.³¹¹

A second intelligence community post-mortem, the existence of which was not disclosed to the Committee until after its hearing,³¹² reported that CIA and DIA almost unquestionably relied on overly-optimistic Israeli battle reports. Thus misled, the U.S. clashed with the better-informed Soviets on the latter's strong reaction to Israeli cease-fire violations. Soviet threats to intervene militarily were met with a worldwide U.S. troop alert. Poor intelligence had brought America to the brink of war.

Administration witnesses assured the Committee that analysts who had performed poorly during the crisis had been replaced.³¹³ The broader record suggests, however, that the intelligence system faults have survived largely intact. New analysts will continue to find themselves harassed and deluged with largely equivocal, unreadable, or unusable data from CIA, DIA, INR, and the collection-conscious NSA. At the same time, they can expect to be cut off, by top-level policy-makers, from some of the best indicators of hostile intentions.

Footnotes:

²⁹²If analysts did not provide forewarning, what did they offer in its stead? Instead of warnings, the Community's analytical effort in effect produced re-

assurances. That is to say, the analysts, in reacting to indicators which could be interpreted in themselves as portents of hostile Arab actions against Israel, sought in effect to reassure their audience that the Arabs would not resort to war, at least not deliberately." (Emphasis in original.) CIA's Post-Mortem, page 3.

²⁹³CIA-DIA-INR Arab-Israeli Handbook, July 1973. The CIA's Post-Mortem at 13 characterizes this Handbook and analytic preconceptions: "No preconceptions seem to have had a greater impact on analytical attitudes than those concerning relative Arab and Israeli military prowess. The June War was frequently invoked by analysts as proof of fundamental and perhaps permanent weaknesses in the Arab forces and, inferentially, of Israeli invincibility. The Arabs, despite the continuing acquisition of modern weapons from the Russians, remained about as far behind the Israelis as ever." At page 14, the Post-Mortem concludes: "There was, in addition, a fairly widespread notion, based largely (though perhaps not entirely) on past performances, that many Arabs, as Arabs, simply weren't up to the demands of modern warfare and that they lacked understanding, motivation, and probably in some cases courage as well. These judgments were often alluded to in conversations between analysts."

²⁹⁹The draft CIA Post-Mortem states that NSA SIGINT summaries probably did not convey the full significance of these technical indicators to the reader. The conclusion of all intelligence officials interviewed by the Committee staff was unanimous: the National Security Agency products—particularly raw products—are difficult to understand. The CIA's Post-Mortem, page 9, states the problem with NSA products as seen by Middle East intelligence analysts: "Two particular problems associated with SIGINT should be mentioned here: (1) Certain highly classified and specially handled categories of COMINT reached their consumers only several days after intercept, a circumstance which perhaps had unfortunate effects; (2) SIGINT reporting is very voluminous; in a typical non-crisis week, hundreds of SIGINT reports on the Middle East cross the desk of the area specialist in a production office. Moreover, partly because of the requirements levied on it by a wide variety of consumers, NSA issues most SIGINT reports (not merely ELINT) in very technical language. SIGINT can thus challenge the ingenuity of even the most experienced, all-source analyst searching for meaning and patterns in a mountain of material."

³⁰²From the Draft CIA Post-Mortem: "If the information contained in the NSA messages had been available prior to the time of the outbreak of hostilities, we could have clearly predicted that [a foreign nation] knew in advance that renewed hostilities were imminent in the Middle East." This particular type of NSA-acquired intelligence was delayed "a minimum of ten days."

³⁰³Among such reports on Soviet and Arab attitudes were "The Secretary Afternoon Summary," 27 Sept. 1973 which reported an intelligence finding that a high Arab official "has said that Kissinger's statement before the Senate Foreign Relations Committee that U.S. policy in the Middle East remains the same, destroyed the recent Egyptian hope aroused by President Nixon's comment that the U.S. is partial neither to the Arabs or to Israel."

³⁰⁴The Watch Committee met in special session at 0900 on 6 October 1973 to consider the outbreak of Israeli-Arab hostilities and Soviet actions with respect to the situation.

"We can find no hard evidence of a major, coordinated Egyptian/Syrian offensive across the Canal and in the Golan Heights area. Rather, the weight of evidence indicates an action-reaction situation where a series of responses by each side to preconceived threats created an increasingly dangerous potential for confrontation. The current hostilities are apparently a result of that situation, although we are in a position to clarify the sequence of events. It is possible that the Egyptians or Syrians, particularly the latter, may have been preparing a raid or other small-scale action." Special Meeting of the Watch Committee, Oct. 7, 1973.

³¹¹"We do not know whether, in fact, these differing appreciations contributed to the development of a confrontation between the U.S. and U.S.S.R. during the final three days of the crisis (24-26 October). But this seems to be a real possibility. And it is clear in any event that in certain crises and under certain circumstances an accurate view of the tactical military situation can be of critical importance to decision-makers." Also: "If U.S. decision-makers had had a more accurate view of the tactical situation around Suez between 21 and 25 October, they might have had better insight into why the Soviets reacted as they did to the Israeli violations." Ibid.

³¹²The second post-mortem... was not given to

any Congressional Committee, even those who were told of the first post-mortem.

Three DIA officials were removed from their positions; there were no changes at the CIA, INR, or NSA. Community analysts interviewed by Committee staff all agreed the reassignments involved internal DIA controversies more than any effort to revamp the agency after the Middle East War.

4. Portugal: The U.S. Caught Napping

Do our intelligence services know what is going on beneath the surface in allied nations that are not making headlines? Quiet Portugal exploded in 1974, leaving serious questions in its aftermath.

When a group of left-leaning Portuguese junior military officers ousted the Caetano regime on April 25, 1974, State Department officials represented to the New York Times that Washington knew those who were behind the coup well. State indicated that we were not surprised by the coup, and that no significant changes in Portugal's NATO membership were expected. Nothing could have been further from the truth.



Egyptian tanks cross the Nile, October, 1973: American intelligence said it couldn't be done.

The Committee has reviewed documents which show that the U.S. intelligence community had not even been asked to probe deeply into Portugal in the waning months of the Caetano dictatorship.³¹⁵ As a result, policy makers were given no real warning of the timing and probable ideological consequences of the coup, despite clear and public indications that a political upheaval was at hand.³¹⁶

The State Department's Bureau of Intelligence and Research had not analyzed events in Portugal in the month before the April coup. In retrospect, four warning signals, beginning in late February and continuing through mid-March, 1974, should have sparked "speculation at that time that a crisis of major proportions was brewing," according to the Director of Intelligence and Research, William Hyland. All four events were reported in the American press:

1. The publication in February 1974, of General Antonio de Spínola's controversial book criticizing Portugal's African colonial wars, which unleashed an unprecedented public storm.
2. The refusal of General Spínola and the Armed Forces Chief of Staff, Francisco Costa Gomes, to participate in a demonstration of military unity and support for the Caetano dictatorship.
3. An abortive coup, in mid-March, when an infantry regiment attempted to march upon Lisbon. This was followed by the subsequent dismissal of Spínola and Costa Gomes from their commands.
4. A period of rising tensions, the arrests of leftists, and a purge of military officers following the first three developments.

The intelligence community, however, was too preoccupied to closely examine the Portuguese situation. Those responsible for writing current intelligence publications had deadlines to meet, meetings to attend, and relatively little time to speculate on developments in the previously sleepy Caetano dictatorship.³¹⁸

The Committee's investigation indicates there were other, earlier warning signs which might have sparked some intelligence interest. Again, these indications of deeper unrest were not subjected to close analysis.

On October 26, 1973, the Defense Attache in Lisbon reported to DIA headquarters in the Pentagon rumors of a "coup plot," and serious discontent among Portuguese military officers.

On November 8, 1973, the attache reported that 860 Portuguese Army Captains had signed a petition protesting conditions.³²⁰ The attache quickly concluded these dissidents had no intentions of revolution. Nevertheless, the fact that over 800 military officers felt deeply enough to risk retribution was a good indication of the profound social revolution which Portugal faced.

The record does not suggest that the attache attempted to get to know these junior officers, understand their views, or even record their names. Nor had anyone in Washington assigned him the task of searching for signs of social and political unrest in the Portuguese military. One reason for this was that the Director of Attache Affairs was not allowed to assign duties to attaches. Assignments were done elsewhere, in an unbelievable demonstration of confusing and inefficient administration.³²¹

Also in November 1973, the attache attended a social gathering at the home of a retired American officer where he heard discussion of right-wing Spanish and Portuguese counter-coup plans, should "extremists" overthrow the Caetano government. Neither

guese Community movement with attaches' supposed military contacts.

The National Intelligence Officer (NIO) for Western Europe did attempt an analysis. A draft memorandum on trends in Portugal, titled, "Cracks in the Facade," had been in preparation for nearly a month, and was almost complete when the April coup erupted. It had to be re-titled. The document itself, despite its title, was not attuned to the real causes of intense discontent which produced a leftist-military revolt.

That same National Intelligence Officer testified that he had some twenty-five European countries to monitor, with the help of only one staff assistant. NIO's do not have command authority over CIA's intelligence or operations directorates. They cannot order that papers be written; that staffers be detached from the current intelligence office to work on an in-depth estimate. They cannot instruct clandestine operations to collect certain types of information. Nor will the NIO always be informed of covert actions that may be underway in one of his countries.

The most disturbing testimony before this Committee was official satisfaction with intelligence prior to the Portuguese coup. The Director of Attache Affairs told the Committee that intelligence performance had been "generally satisfactory and responsive to requirements." The National Intelligence Officer for Western Europe said intelligence reports had described "a situation clearly in process of change, an old order coming apart at the seams."³³¹

However, both officials quickly admitted, under questioning, that the attaches had not, in fact, been very aggressive. Nor had any intelligence document warned when and how the old order was coming apart at the seams. Without access to intelligence reports, this Committee might have believed official claims that the system was functioning well.

Footnotes:

³¹⁵Interview with Dennis Clift, Senior Staff Member, National Security Council, by G. Rushford, Oct. 3, 1973, copy on file with Sel. Comm. on Intell. Mr. Clift stated there was no National Security Council effort to levy requirements on the intelligence community, nor was there any National Security Council study memorandum addressed to Portugal.

³¹⁶Testimony of William Hyland before the Committee: "Even a cursory review of the intelligence record indicates there was no specific warning of the coup of April 25, 1974 in Portugal. As far as the Bureau of Intelligence and Research was concerned, our last analytical reporting was in late March and we drew no conclusions that pointed to more than a continuing struggle for power but short of a military revolt." Comm. Hearings, October 7, 1975.

³²⁰Defense Attache report from Lisbon to the Defense Intelligence Agency: "These younger officers are not disloyal and desire to serve Portugal as military officers and have no intention of revolution. They are patriots who want to make changes for the improvement of the P.A. [Portuguese Army—editor's note] and Portugal."

³²²Defense Attache report also commented on the Spínola appointment as Deputy Chief of Staff, Armed Forces: "Although there are some political reasons in back of this appointment, it is reported that he will concern himself mainly with personnel and logistics in the Metropole." Defense Attache report, Feb. 6, 1974.

³³¹Testimony of Keith Clark and Samuel W. Wilson: Only William Hyland, Director of INR, testified without prodding that the system had not functioned well in the Portugal crisis.

5. India: Priorities Lost

How well does U.S. intelligence keep track of non-military events that affect our foreign policy interests? Not very well, if the first nuclear test in the Third World is any indication.

The intelligence community estimated, in 1965, that India was capable of conducting a nuclear test, and probably would produce a nuclear device within the next few years. In 1972, a special estimate said the "chances are roughly even that India will conduct a [nuclear] test at some time in the next several years and label it a peaceful explosion."

DIA, in reports distributed only within the Joint Chiefs of Staff, had stated since 1971 that India might already have a nuclear device. However, when India did explode a nuclear device on May 18, 1974, U.S. intelligence was caught off-guard. As the CIA's post-mortem says of the community's surprise: "This failure denied the U.S. Government the option of considering diplomatic or other initiatives to try to prevent this significant step in nuclear proliferation."

Only one current intelligence article was published in the six months before the May explosion. That

article, by DIA, stated for the first time that India might already possess such a device. Perhaps one reason the article did not provoke more debate and initiative was the title: "India: A nuclear weapons program will not likely be pursued in the near term."

In 1972, U.S. intelligence had picked up 26 reports that India would soon test a device, or that she was capable of doing so if the government made the decision to proceed. There were only two reports on the subject from August 1972, to May 1974, when the device was exploded. Neither was pursued with what the CIA can claim was a "real follow-up."

An April 17, 1974 report indicated that India might have already conducted an unsuccessful nuclear test in the Rajasthan Desert. The CIA did not disseminate this report to other agencies, nor did CIA officials pursue the subject.

The Director of Central Intelligence had established the bureaucratic device of "Key Intelligence Questions" in 1974. Although nuclear proliferation was on the list, few officials outside the upper reaches of the bureaucracy expressed much interest. The CIA's general nuclear developments priority list did not address India, and the military attaches received no clear instructions on nuclear matters. Nevertheless, previous estimates on India had identified "gaps" in our information.

After India exploded the nuclear device in May 1974, Director Colby wrote Dr. Kissinger to say he intended to mount a more aggressive effort on the nuclear proliferation problem.

One of several justifications for national technical means of overhead coverage over India in the two years prior to May 1974, was the nuclear test issue. However, the Intelligence Community technical analysts were never asked to interpret the data. The CIA's post-mortem stated, in effect, the system had been tasked to obtain data, but the analysts had not been asked to examine such data. After the explosion, the analysts were able to identify the test location, from pre-test data.

Following the failure to anticipate India's test, the United States Intelligence Board agreed to hold one committee meeting a year on nuclear proliferation. Interagency "coordinating" mechanisms were established. Teams of experts traveled to various countries to impress on American embassy personnel the importance of the proliferation threat. Analysts once again were encouraged to talk to each other more.

The missing element, as the bureaucracy reshuffled its priorities after the Indian failure, is quite simple: the system itself must be reformed to promote anticipation of, rather than reaction to, important world events.

6. Cyprus: Failure of Intelligence Policy

Cyprus presented a complex mix of politics, personalities, and NATO allies. Unfortunately, a crisis turned to war, while intelligence tried to unravel events—and America offended all participants.

On the morning of July 15, 1974, Greek strongman General Dimitrios Ioannides and his military forces on Cyprus overthrew the elected government of Archbishop Makarios. Five days later, Turkey invaded the island, ostensibly to protect the Turkish minority there and to prevent the Greek annexation long promoted by the new Cyprus leadership. Unsatisfied with its initial military success, Turkey renewed its offensive on August 14, 1974.

The failure of U.S. intelligence to forecast the coup, despite strong strategic and tactical signs, may be attributed to several factors: poor reporting from the U.S. Embassy in Athens, in part due to CIA's exclusive access to Ioannides; the general analytical assumption of rational behavior; and analysts' reluctance to raise false claims of an impending crisis.³⁴⁶

The failure to predict the coup is puzzling in view of the abundance of strategic warnings. When Ioannides wrested power from George Papadopoulos in November, 1974, analysts concluded that relations between Greece and Makarios were destined to worsen. Ioannides' hatred of Makarios, whom he considered pro-Communist or worse, has been described as having "bordered on the pathological." Moreover, Makarios was seen as a stumbling block to Ioannides' hopes for *onosis*. Observers agreed that a serious confrontation was only a matter of time.

By spring of 1974, that confrontation would at times appear imminent, with intervening lulls. Each trip to the brink elicited dire warnings to policy officials from Near East desks in the State Department. However, the nuances of these events, indicating a gathering of storm clouds, were largely lost on analysts as their attention remained focused on the Greek-Turkish clash over mineral rights in the Aegean. Cyprus remained

dence that the Ioannides-Makarios relationship was reaching a critical stage.

There would soon be several tactical indications that a coup was in the works. On June 7, 1974, the National Intelligence Daily warned that Ioannides was actively considering the ouster of Makarios if the Archbishop made an "extremely provocative move."³⁵⁰ On June 29, intelligence officials reported that Ioannides had again told his CIA contact nine days before, that if Makarios continued his provocation, the Greek would have only two options: to write-off Cyprus, with its sizeable Greek majority, or eliminate the Archbishop as a factor.

On July 3, 1974, Makarios made that "extremely provocative move," by demanding the immediate withdrawal of a Greek National Guard contingent on Cyprus. The ultimatum was delivered in an extraordinary open-letter to the Greek government, accusing Ioannides' associates of attempting his physical as well as political liquidation.³⁵²

On June 29, 1974, Secretary Kissinger, responding to alarms sounded by State Department desk officers, approved a cable to U.S. Ambassador Henry J. Tasca in Athens, instructing that he personally tell Ioannides of U.S. opposition to any adventure on Cyprus.³⁵³ The instruction was only partially heeded.

Tasca, assured by the CIA station chief that Ioannides would continue to deal only with CIA, and not sharing the State Department desk officer's alarm, was content to pass a message to the Greek leader indirectly.

Tasca's colleagues subsequently persuaded Secretary Kissinger's top aide, Joseph Sisco, that a general message passed through regular government channels would have sufficient impact. The Ambassador told Committee staff that Sisco agreed it was unnecessary for Tasca himself to approach Ioannides, who had no official government position. That interpretation has been vigorously disputed. It is clear, however, that the Embassy took no steps to underscore for Ioannides the depth of U.S. concern over a possible Cyprus coup attempt.

This episode, the exclusive CIA access to Ioannides, Tasca's indications that he may not have seen all important messages to and from the CIA Station, Ioannides' suggestions of U.S. acquiescence, and Washington's well-known coolness to Makarios, have led to public speculation that either U.S. officials were inattentive to the reports of the developing crisis or simply allowed it to happen, by not strongly, directly, and unequivocally warning Ioannides against it.³⁵⁸

Due to State Department access policies, the Committee was unsuccessful in obtaining closely-held cables to and from the Secretary of State during this period including a message the Secretary sent to Ioannides through the CIA the day after the coup. Accordingly, it is impossible to reach a definitive conclusion.

On July 3, 1974, a CIA report stated that an individual, later described as "an untested source," had passed the word that despite new aggressiveness on Makarios' part, Ioannides had changed his mind: there would be no coup after all. For reasons still unclear, this CIA report was embraced and heeded until July 15, the day of the coup. The Intelligence Community post-mortem, appears to have concluded that the "tip" was probably a ruse.

Ioannides' dubious change of heart went virtually unquestioned despite Makarios' open-letter, despite further ultimatums from the Archbishop to remove the Greek officers, and despite the en masse resignations of three high-level Greek Foreign Ministry officials known to be soft-liners on Cyprus. In this setting, the grotesquely erroneous National Intelligence Bulletin of July 15, 1974, is not surprising, nor are Ambassador Tasca's protestations that he saw no coup on the horizon.

Almost at the moment Ioannides unleashed his forces, a National Intelligence Bulletin was reassuring intelligence consumers with the headline: "Ioannides is taking a moderate line while he plays for time in his dispute with Archbishop Makarios."

Results of the events triggered by the coup included: thousands of Cypriot casualties and refugees, a narrowly-averted war between NATO allies Greece and Turkey, a tragic worsening of U.S. relations with all three nations, and the death of an American Ambassador. U.S. intelligence must be accorded a share of the responsibility.

The intelligence community somewhat generously termed its performance during the Cyprus crisis as "a mixture of strengths and weaknesses." The Committee's conclusion, after an analysis of the record, is less sanguine. Intelligence clearly failed to provide adequate warning of the coup, and it performed differently once the crisis had begun.

The analytical failure in the Cyprus crisis brings to mind several parallels with the 1973 Middle East

were afflicted both with a past history of false alarms, and with the rigid notion, unsupported in fact, that foreign leaders invariably act "rationally." In the Cyprus crisis, as in the Mid-East, analysts were deluged with unreadable and redundant data subsequent to the initial intelligence failure.³⁶³ Still, given the ample indications that Makarios had sufficiently aroused Ioannides' ire, these analytical quirks should not have prevented a correct interpretation of events.

There appear to have been collection failures in this period, although additional evidence could probably not have overcome the analytical deficiencies that caused erroneous conclusions. For example, CIA personnel had been instructed by the U.S. Ambassador not to establish contacts within the Turkish minority, and to obviate any allegations of collusion with the anti-Makarios EOKA-B movement. They were told to seek intelligence on EOKA-B by indirect means, rather than through direct contact with members of that organization. Finally, signals intelligence in the area was focused elsewhere and even after the coup was not a significant factor.³⁶⁶

Since the coup inevitably led to the two Turkish invasions and the Greek-Turkish confrontation, the performance of intelligence in predicting military hostilities after the coup is both less important and unremarkable in its successes.

Along with most newspaper articles of the time, U.S. intelligence concluded that Ioannides' installation of Nicos Sampson, notoriously anti-Turk, as Cypriot President insured a Turkish invasion of the island. Despite prominent stories in Turkish newspapers and undisguised troop movements at the coast, DIA did not predict the invasion until literally hours before Turkish forces hit the beaches on July 20, 1974. A National Intelligence Officer's report had picked July 20 as a likely invasion date, but was never disseminated to the intelligence community.³⁶⁸

Perhaps flushed by its "success" in calling the first Turkish invasion just after the Turkish press did, U.S. intelligence appeared to lose interest in the belief that the crisis was over. Thus, there was no real forewarning that the Turkish forces would launch an even more ambitious invasion on August 14, resulting in the capture of fully one-third of the island.

In terms of both its immediate³⁷⁰ and long-range consequences, the sum total of U.S. intelligence failure during the Cyprus crisis may have been the most damaging intelligence performance in recent years.

Footnotes:

³⁴⁶Former intelligence officials have described to this Committee the difficulties encountered by those who must report from an area which has frequent and intense crises. "After a while, Washington officials get tired of hearing about impending crises from your area and it actually gets embarrassing to report them." That observation gained credence when witnesses from the Department of State jokingly referred to the number of times Cypriot Desk officers had predicted coups. Interview with intelligence official, by F. Kirschstein, Sept. 29, 1975; copy on file with Sel. Comm. on Intell.

³⁵⁰The June 7 National Intelligence Daily was based on a June 3 Field Intelligence Report which stated that "Ioannides claimed that Greece is capable of removing Makarios and his key supporters from power in twenty-four hours with little if any blood being shed and without EOKA assistance. The Turks would quietly acquiesce to the removal of Makarios, a key enemy . . . Ioannides prayed for some unexpected favorable gift from heaven. Ioannides stated that if Makarios decides on some type of extreme provocation against Greece to obtain a tactical advantage, he (Ioannides) is not sure whether he should merely pull the Greek troops out of Cyprus and let Makarios fend for himself, or remove Makarios once and for all and have Greece deal directly with Turkey over Cyprus' future." That report has been confirmed by former CIA Athens officials interviewed by staff. Interview with CIA operations officials, by J. Boos and G. Rushford . . . copy on file with Sel. Comm. on Intell.

³⁵²The letter reads in part: "I have many times asked myself why an unlawful and nationally harmful organization . . . is supported by Greek officers . . . The Greek officers' support for EOKA-B constitutes an undeniable reality . . . I am sorry to say, Mr. President, that the root of evil is very deep, reaching as far as Athens. It is from there that the tree of evil, the bitter fruits of which the Greek Cypriot people are tasting today, is being fed and maintained and helped to grow and spread. In order to be absolutely clear, I say that cadres of the military regime of Greece support and direct the activity of the EOKA-B terrorist organization. This also explains the involvement of Greek officers of the National Guard in illegal activities, conspiracy and other inadmissible situations . . . You realize, President, that the sad thoughts which have been

preoccupying, and tormenting me, following the ascertainment that men of the Government of Greece are incessantly preparing conspiracies against me and, what is worse, are dividing the Greek Cypriot people and pushing them to catastrophe through civil strife. I have more than once so far felt, and some cases I have almost touched, a hand invisibly extending from Athens and seeking to liquidate my human existence. . . . Makarios went on to ask for the immediate withdrawal of all Greek officers in the Cypriot National Guard.

³⁵³The State cable, drafted by John Day, of the Greek desk, was dispatched to the Embassy in Athens under Undersecretary Joseph Sisco's signature. It stated in part: "We share concerns of Athens and Nicosia regarding gravity of relationship between Government of Greece and Government of Cyprus. From various reports, it is evident that Ioannides is seriously considering way to topple Makarios from power. . . . In our view effort to remove Makarios by force contains unacceptable risks of generating chaos eventually causing Greco-Türk confrontation; involving Soviets in Cyprus situation; and complicating developing U.S.-Soviet detente."

"We know that Ioannides has long been obsessed with issue of communism both in Greece and in Cyprus and that his dislike for Makarios has bordered on the pathological. Until recently, our impression has been that he preferred to play for time on Cyprus problem until he had consolidated his position in the internal Greek context. Now, however, he apparently feels that Makarios is seeking to take advantage of Greek-Türk tensions and the Greek regime's domestic difficulties to reduce Greek influence on the island and that this effort is a personal challenge which he cannot ignore. The cable went on to instruct Ambassador Tasca to personally tell Ioannides that the U.S. opposed any adventure on Cyprus. Department of State cable to Athens Embassy, June 29, 1974.

³⁵⁸It is reasonable to ask whether this U.S. action was perceived in Athens as a reflection of the depth of Washington's concern about Ioannides' scheme to oust Makarios. Clearly General General Ioannides had much ground to believe that in light of the direct contact he enjoyed with the CIA station, he would have received a stronger, more categorical warning if the U.S. were genuinely exercised about protecting Makarios, whom he regarded as a communist sympathizer.

"All this leads to one basic conclusion: I believe that strong U.S. representations to Ioannides would have prevented the crisis. This judgment is shared by the rest of the Greek language/area specialists in SE." "Criticism of United States Policy in the Cyprus Crisis." Internal Department of State memorandum.

³⁶³As in the previous Mid-East crisis, many NSA SIGINT reports were too technical to be understood by lay analysts. The Post-Mortem added: "As in past crises, most of the Customers interviewed complained of the volume of . . . reporting, as well as its frequent redundancy. Many also complained of too little analysis of the facts, too few assessments of the significance of reported developments."

³⁶⁶Intelligence officials have told our staff that U.S. SIGINT resources were not focused on targets which would have the most relevance to an Athens-Nicosia crisis; i.e., Greek National Guard communications. Emergency reaction SIGINT teams were rushed into the area after the coup and later contributed to some successful intelligence. Interview with Intelligence officials, by F. Kirschstein, Dec. 2, 1975, copy on file with Sel. Comm. on Intell.

³⁶⁸The NIO responsible for the report which predicted July 20 as the invasion date was preoccupied with the production of a National Intelligence Estimate on Italy which was to be presented at a USIB meeting on the 18th of July. It should also be noted that Cypriot experts within State and CIA were in the process of being shuffled around in a bureaucratic reorganization of area responsibilities. In addition, State Department Washington experts on all three countries concerned, as well as the U.S. Ambassador to Greece, were removed from their posts at one time or another during the crisis.

³⁷⁰Some days later, Roger Davies, the U.S. Ambassador to Cyprus, was fatally wounded during an anti-American demonstration at the Embassy in Nicosia. Contemporary accounts concluded that Davies was simply struck by a stray bullet. Information made available to the Committee suggests that Davies may have been the victim of an assassin.

Ambassador Tasca disclosed to staff a report that EOKA-B had decided to kill either Davies or himself. U.S. intelligence officers have asserted not only that Davies may have been intentionally shot, but also that the identities of individuals firing at the Embassy are also known. The intelligence sources have alleged that the individuals may be officials of the Nicosia police. Despite repeated private U.S. protests, the

Cypriot government is said to have declined to remove these individuals from their jobs.

Interview with Henry J. Tasca, by J. Boos, Sept. 26-27, 1975, copy on file with Sel. Comm. on Intell. Interview with CIA officials by G. Rushford and F. Kirschstein, Oct. 22, 1975, copy on file with Sel. Comm. on Intell.

7. Domestic Internal Security and Counterintelligence

The Intelligence Division of the FBI is divided into two sections: Internal Security and Counterintelligence. The Internal Security Division investigates domestic subversive or extremist groups with the goal of ascertaining whether individuals are violating federal laws.

These investigations are costly, in monetary terms and in terms of personal privacy. Are they effectively and dispassionately controlled, in keeping with criminal priorities? Are they efficiently terminated when clearly unproductive? Thirty-four years of investigation



A G.I. on Nixon alert October, 1973: Poor intelligence led "to the brink of war."

ing the Socialist Workers Party and over five years spying on the Institute for Policy Studies provide some examples of disturbing answers.

a. Institute for Policy Studies

The FBI Manual of Instructions allows preliminary investigations to be opened on groups espousing extremist philosophies. If these investigations do not demonstrate reasonable likelihood of uncovering criminal violations, the Manual states that they should be terminated within 90 days.

In 1968, the FBI saw sufficient connection between the Institute for Policy Studies (IPS) and the Students for a Democratic Society (SDS) to open a preliminary investigation of IPS.

The investigation was not terminated after an initial 90-day period, even though it had turned up no evidence that IPS members or their associates were violating federal laws. Six months later, at the end of a vigorous nine-month investigation of IPS, the Washington field office reported the results as "negative."

The IPS investigation was destined to continue for five more years.

The investigation had been based on an SDS connection. During the investigation, however, FBI had received information from a source, advising "that, in general, the IPS is not well thought of by the hardcore SDS leaders because members of the IPS are not activists," except for one IPS leader considered sympathetic with SDS objectives. The FBI was not discouraged by the loss of its investigative base, and went ahead reporting unrelated matters. One report, for example, described IPS as "a non-profit, non-taxable institute which studies programs to present policies." The same report noted the fact that "IPS educational curriculum centers on topics which are critical of the present U.S. system."

In January, 1971, the Bureau continued reporting non-criminal matters, such as the fact that the Institute "though small . . . exerts considerable influence through contacts with educators, Congress and labor." It is important to remember that the whole probe began with an investigation of alleged contacts between one IPS staffer and an SDS leader. The FBI had effectively reversed the traditional concept of "guilt by association." Instead of a suspect group tainting an individual, the individual had tainted the group.³⁷⁷

An October 1971 Bureau report said of the Institute:

The popular impression of IPS as the "think tank" of radical United States politics is justified. It has taken and continues to take a major role in the antiwar movement and calls for disarmament. While IPS people see themselves as leaders of radical thought, they would appear to be leaders without a popular constituency.

The same report concentrated on IPS suspicions of FBI surveillance. It stated that "they suspect that they are being watched from the building across the street and from adjacent buildings." The same report went on to say that two members of the Institute had been observed by a representative of the FBI walking slowly around the block of IPS, sometimes several times, conversing with each other. They appear to be conversing in low tones and in a guarded manner.

In August 1972, an alert Bureau agent collected some IPS garbage.³⁸⁰

The trash revealed no evidence of criminal conduct. However, eight used typewriter ribbons were found. Even though there were no signs of crimes, and despite the fact that IPS itself was not suspected of crimes, FBI devoted time and money to the expensive process of reconstructing the documents that had been typed by the ribbon.

Part of the yield was intimate sexual gossip. FBI officials told Committee staff, under oath, that personal information, such as sexual activities, is discarded if it does not bear on a crime. That was not true. Information from the trash retrieval, including the sexual gossip, was incorporated into a number of reports. In each report, the information was attributed to "a source who has supplied reliable information in the past."

In 1973, the Washington Field Office reported that "the organization [IPS] is fragmented into a wide variety of studies and interests, the vast majority of which appear to be within legal limits." In May 1974, the Washington Field Office concluded that a "paucity of information exists that would support the likelihood of IPS or its leaders to be functioning in violation of federal law." Only then, after five years and no evidence of law-breaking, did the investigation become inactive.

b. Socialist Workers Party

The second example involved the Socialist Workers Party (SWP). The SWP adopted a Declaration of Principles and a Constitution at their founding convention in January 1938. The Declaration of Principles was replete with revolutionary rhetoric of the Marxist Left. The fledgling Socialist Workers Party also swore allegiance to the world-wide organization of Trotsky—the Fourth International.

Nevertheless, the SWP dissolved their allegiance with the Fourth International and retracted this Declaration of Principles on December 21, 1940, in order to comply with the Voorhis Act. The FBI maintained that this disassociation with the Fourth International was merely cosmetic. However, the FBI has been unable to prove any illegal relationship between the SWP and the Fourth International.

FBI's failure to uncover illegal activity by this political party is not from lack of effort. SWP has been subjected to 34 years of intensive investigation.

On November 5, 1975, FBI officials testified that the Fourth International itself was a body made up of Marxist elements around the world and enjoyed

no structural power base in the Soviet Union. Significantly, these officials demonstrated no detailed knowledge about the Fourth International. FBI officials did not mention the fact that the Socialist Workers are a legitimate American political party, that even runs a candidate for President. Equally as important, the FBI has found no evidence to support a federal prosecution of an SWP member, with the exception of several Smith Act violations in 1941. Since that time, not only have there been no further prosecutions against the SWP for any Federal offense, but the portions of the Smith Act under which these earlier convictions had been obtained have been declared unconstitutional.

The investigation, which FBI officials tacitly admit has been conducted partially under the aegis of an unprosecutable statute, has revealed that the SWP is a highly law-abiding group. The SWP has even avoided illegal and potentially violent confrontations with the authorities during any sort of civil protest. Nevertheless, this had no apparent impact on 34 years of unproductive spying.

According to the Presidential candidate of the SWP, Peter Camejo, party members are even forbidden by the SWP to smoke marijuana. The Bureau apparently formulated a philosophy, in this case, to justify their investigation.

Considerable resources have been allocated to compound the error of a continuing unproductive investigation and to back-stop the preconceptions of FBI personnel.

For example, FBI Internal Security investigators committed a massive manpower allocation to interviewing landlords, employers, fellow employees, and family relations of SWP members. The FBI also maintained intensive surveillance of most, if not all, of the SWP's 2500 members.

Americans are often concerned about privacy invasions of domestic security investigations. One-fifth of all investigations initiated by the FBI during the last decade dealt with security matters. The important issue is whether citizens receive a valuable product in the form of anticipatory intelligence which would serve as a deterrent to, and a prevention of, crime. While it is impossible to accurately gauge the deterrent effect of FBI efforts, it is obvious that the FBI failed to anticipate groups dedicated to the overthrow of the existing government and fully committed to violence.⁴⁰⁰

The FBI has likewise had a dismal record in the prompt apprehension of fugitives from the New Left underground.⁴⁰¹ Domestic intelligence appears to be suffering from a misallocation of resources and effort.

Footnotes:

³⁷⁷One group may taint another group. The FBI initiated investigation of the Vietnam Veterans Against the War because the VVAW had the misfortune of being mentioned favorably by the Communist Party.

³⁸⁰Institute for Policy Studies (IPS) is DASH, RA. On August two three last, [a Special Agent] observed a private trash truck picking up trash from IPS. The truck proceeded to a burning dump, where the trash was abandoned. [The Special Agent] obtained the IPS trash, and information obtained from this source is being assigned symbol number [deleted]. NITEL Cable to Acting Director, FBI from SAC, WFO, Aug. 8, 1972.

⁴⁰⁰The S.L.A. is an example. The FBI provided staff attorneys with a detailed after-the-fact history of the S.L.A. However, the FBI was apparently unable to anticipate the formation of the group or thwart its initial criminal activities. FBI briefing on Intelligence by [W. Raymond] Wannall, et al., attended by J. B. F. Oliphant and R. Vermeire.

⁴⁰¹Mark Rudd, Abbie Hoffman, et al.

8. President's Foreign Intelligence Advisory Board

In addition to day-to-day bureaucratic efforts to monitor and to improve intelligence, the executive branch oversees performance through mechanisms like the quasi-public President's Foreign Intelligence Advisory Board (PFIAB). The issue is whether such a mechanism is viable and effective.

Staff investigation suggests that reliance on PFIAB for oversight responsibility is totally without merit. The Board, admittedly part-time, meets for one- or two-day sessions about six times a year. The Chairman spends about half his time on PFIAB affairs. Only two professional staff members support the Board, and both are detailees from the very intelligence agencies they are supposed to oversee.

The meeting and staffing arrangements do not lend themselves to a responsible analysis and review of massive and complex intelligence programs. It is said

that, from time to time, PFIAB submits to the President useful documents on covert action and technical collection programs. However, the Committee, denied access to these and other periodic PFIAB reports, is unable to determine whether the Board has been functioning meaningfully.⁴⁰⁵

Two important and limiting factors shed light on the role and performance of the Board. The Board cannot establish or even oversee policy, but is limited to advising the President with respect to objectives and conduct of the foreign intelligence and related activities. The Board's effectiveness also is limited by the interest and confidence of the President, and this has varied considerably throughout the five Administrations of the Board's existence.

The problems do not end there. Board members are chosen for distinguished careers in government, academia, and the business world. Not surprisingly, members of PFIAB, whose principal functions include advice on research and development goals, are typically affiliated with firms holding lucrative intelligence and defense contracts.⁴⁰⁸

There are no indications that a PFIAB member has ever improperly profited from his Board service. However, after searching Board records at the request of



Portugal's General Antonio de Spínola:
How long should it take for a book to cross the ocean?

Committee staff, a PFIAB spokesman stipulated that there are no conflict-of-interest regulations applicable to its members. Likewise, there were no regulations covering the expense and confidential contracts they assess and review. Instead, members are provided, on their appointment, with the "Standards of Conduct for the White House Staff."

There are obviously difficult policy problems in gathering a group of distinguished and knowledgeable citizens and, at the same time, insuring that the Board's activities and judgments are entirely beyond reproach.

The part-time nature of PFIAB, if its work is recognized as being cursory, is not necessarily undesirable. Members can bring a fresh perspective from their other pursuits, and they are less compromised by the secrecy and insular views of intelligence agencies. On the other hand, heavy reliance on this Board for oversight, without more outside professional staff and greater Presidential commitment, is an illusion.

Footnotes:

⁴⁰⁵The Committee felt that access to materials relied on and prepared by the Board was the only equitable method of assessing the Board's past perfor-

mance and role within the structure of the intelligence community. The Committee, without reliance on subpoena, attempted in vain to gain access to materials used by and prepared by the Board. After several months of negotiation, the Committee was granted access to a classified Board history, which outlined, but did not specifically enunciate, the kinds of recommendations the Board has made since its inception and the agendas of the Board's meetings from January 1961 to the present.

⁴⁰⁸For example, present members of the Board whose corporations hold such contracts include: William O. Baker, President, Bell Telephone Laboratories; John S. Foster, Jr., Vice-President for Energy Research and Development, TRW; Robert W. Galvin, Chairman and Chief Executive Officer of Motorola, Inc.; Edwin H. Land, Board Chairman, Polaroid Corporation; and Edward Teller, Associate Director of Lawrence Livermore Laboratory. In addition, three of the remaining four members have formidable military credentials and affiliations: George W. Anderson, Jr., former Chief of Naval Operations; Leo Cherne, member of the Board of Advisors of the Industrial College of the Armed Forces; and Gordon Gray, former Secretary of the Army and Director of the Office of Defense Mobilization.

9. National Security Council Intelligence Committee

The National Security Intelligence Committee has met only twice in four years. [Membership consists of the Assistant to the President for National Security Affairs as Chairman, DCI Deputy Secretary of State, Deputy Secretary of Defense, Chairman of the Joint Chiefs of Staff and Under Secretary of the Treasury for Monetary Affairs—*editors' note*]. It met once in December, 1971, to organize, and once in August, 1974, to re-organize. It has no permanent staff, other than the NSC Director for Intelligence Coordination, Richard Ober, a CIA detailee and architect of the controversial CHAOS program. There is no indication that the Committee has been effective.

A Working Group is composed of the next lower level of consumers. Although in existence from 1971 to 1974, it apparently did not perform any useful function. This group was revived following the 1974 Intelligence Committee meeting, and met seven times thereafter. While Working Group principals assert a need for intelligence consumers to somehow institutionally convey their problems to collectors, there appears to be a general low level of interest on the part of several members and misgivings as to the effectiveness of the panel as presently constituted.

The Economic Intelligence Subcommittee's performance to date can be easily evaluated. While its purpose—to provide consumers of economic intelligence a forum to convey their needs—appears worthwhile on paper, it has produced no results. One meeting was held in May 1975, at the behest of the DCI.

The Chairman, Assistant Secretary of the Treasury for International Affairs, told Committee staff that as a consumer he was generally satisfied with intelligence input, that the group was a waste of time, and that he intended to hold as few meetings as possible. Displaying an attitude rare among government officials, the Chairman disdained formal high-level committees and called for informal communication at the working level. He has since left his post and may well be replaced by a proponent of bureaucratic committees. Nonetheless, the record strongly calls for an abolition of the Subcommittee, as presently operated and tasked.

10. The Management and Production of Defense Intelligence

The Deputy Secretary of Defense recently expressed frustration at the apparent inability of a multi-billion dollar U.S. intelligence establishment to produce timely and useful information. He reportedly complained that "In a mechanical sense the system produces the information; but it's so damn big and cumbersome and uncoordinated, that you can't get the information properly assessed and to the right people."⁴¹⁷

Mismanaged and uncoordinated intelligence operations result in more than resource wastage.

During the Mideast war and Cyprus crisis, for example, uncoordinated and duplicative reports compounded the problem of interpreting events.⁴¹⁸

There is a clear need to challenge organizational proliferation, duplication of activity and product, and overlapping of management layers that have plagued defense intelligence for years. The significance of these problems is contained in the fact that

the Department of Defense controls nearly 80 percent of the intelligence community's resources and employs nearly 90 percent of its personnel.

Particular attention must be directed toward the Defense Intelligence Agency (DIA), an organization established in the early 1960's to integrate and align defense intelligence activities, and a major production unit in its own right.

As chartered, DIA was to function as both a supervisor and coordinator, and as centralized producer of intelligence.

Over the years, however, it became increasingly apparent that DIA could not accomplish the ambitious management and production goals envisioned at the time of its formation. A string of overviews, including the 1969 Froehle report, the 1970 Blue Ribbon Defense Panel, the 1971 Schlesinger study for the Office of Management and Budget, the 1974 Management Review, and the 1975 Defense Panel on Intelligence all found that organizational impediments and product imperfection have continued to persist after years of DIA operation. Each in turn recommended reorganization and substantive improvements. None solved the problems.

DIA lacks comprehensive authority to direct and control resources throughout the Defense Department, as initially envisioned. For example, the vast cryptologic resources in the armed services and the National Security Agency are not responsible to DIA. DIA's resources management functions were taken over in 1972 by an Assistant Secretary of Defense for Intelligence with a broader mandate to coordinate budgeting.

The central problem is bureaucratic politics. The three individual branches of the military resist any organization which might curb their authority to direct programs and allocate resources. They undermine the concept on which DIA was founded, by avoiding its authority and preventing it from obtaining qualified manpower.

President Nixon recognized that DIA had not achieved its purpose and issued a directive on Nov. 5, 1971, charging the DCI with responsibility for intelligence budget preparation, including the budget for tactical military intelligence. This too failed, since the DCI lacked authority for over 80 percent of the community's budget, which remained in the Department of Defense.⁴²¹

The only noticeable effect of these reforms has been an added layer of bureaucracy and a confused sharing of responsibilities.

The output side of DIA's operation has been criticized from a number of directions. Over the years, neither the Secretary of Defense nor the armed services have been completely satisfied with DIA product. Secretary of Defense McNamara reportedly preferred CIA's product; the services prefer their own analysis.⁴²² Their criticisms focus on DIA's current intelligence and its estimates. They raise questions as to DIA's capability to produce unique and quality intelligence to meet tactical and national demands.

An internal Defense Department memorandum to the Deputy Secretary of Defense in January 1974 indicated the scope of DIA inadequacy in light of the Mid-East war failures. The memorandum concluded: "What has been stated briefly are only the symptoms of the disease. The causes lie deeper."

While noting the failure of DIA analysts to predict the war, the memo stated, "the blame is not theirs alone. It is a corporate failure, a chronic unsoundness of the entire DIA mechanism. Unless we make the required changes in organization, procedures, and personnel, we are going to reap another intelligence failure—and the next one could be a disaster involving U.S. Forces."

While several of the root causes of poor performance provide an argument for piecemeal reform, in general the problems are too permanent to allow for anything less than across-the-board changes.

A major obstacle to strong analytic capability within DIA results from the civilian-military nature of DIA, in a setting of independent military establishments. As long as the service branches retain viable intelligence units, DIA remains an unattractive assignment and will not attract qualified officers. In addition, manpower reductions have spread available personnel too thin for effective reporting.

Civilians in DIA are confronted with two disincentives. DIA cannot compete with CIA and NSA in appointments and promotions, and persistent military control of higher grade management positions limits mobility.⁴²³

Officials within DIA are ready to admit they cannot match CIA. They justify their contribution as that of "devil's advocates," or "honest brokers." Even in military intelligence, the Committee was told, "they (CIA) are at least our equals, meaning that DIA was no real improvement over CIA intelligence."

In summary, finished intelligence generated by DIA has repeatedly failed to meet consumer needs. The evidence suggests that DIA does not fulfill the ambitious expectations of the early 1960's. It is duplicative, expensive, unattractive, and its production capabilities are handicapped by the consistent weaknesses of its own organization.

Footnotes:

⁴¹Quoted by William Beecher, Acting Assistant Secretary of Defense for Public Affairs, in Report of the Defense Panel on Intelligence, January, 1975, p. 7 of his statement.

⁴²See, for example, the IC Staff Preliminary Post-Mortem report on the October War which concludes, "The coordination procedures which are followed by the Community during normal times are frequently abandoned during times of crisis—because the press of time may simply not allow regular processes to continue. It thus has been said that the Community is pretty good about coordinating, except when the intelligence becomes important. And, in a way, this did indeed happen immediately before and during the October War in the Middle East. Coordination of the Central Intelligence Bulletin, for example, was suspended for a time, and the wartime Situation Reports and Spot Reports prepared by CIA, DIA and INR were unilateral and often duplicative issuances. This, if not a major problem for the analysts themselves, was certainly one for the consumers." (IC Staff, The Performance of the Intelligence Community Before the Arab-Israeli War of October, 1973: A preliminary Post-Mortem Report, December, 1973, p. 19, emphasis added.)

⁴³The President on November 5, 1971, citing the "need for improved intelligence product and for greater efficiency in the use of resources allocated to intelligence," charged the DCI with greater responsibility for coordinating the community intelligence effort. His Memorandum stated that the President would "look to him (DCI) to improve the performance of the community, to provide his judgments on the efficiency and effectiveness of all intelligence programs and activities (including tactical intelligence), and to recommend the appropriate allocation of resources to be devoted to intelligence." (emphasis added). More specifically, he directed, "the Director of Central Intelligence to prepare and submit each year, through OMB, a consolidated intelligence program budget, including tactical intelligence." (emphasis added). These sentiments are reiterated in an October 9, 1974, Presidential Memorandum.

⁴⁴General Graham has written the committee: "I believe that much of this criticism stems from the early growing pains of the DIA, when its consumers, particularly those on Mr. McNamara's staff, turned elsewhere for intelligence analysis when the DIA product did not satisfy them." The 1975 Defense Panel on Intelligence indicated dissatisfaction with DIA by Secretary of Defense Schlesinger and the Assistant Secretary of Defense for International Security Affairs. Both important consumers, Vice Admiral David Richardson in the same report, offered his experience as a commander of deployed forces to point out "the institutional inability of the Agency to provide other than intelligence for background and data base purposes."

⁴⁵The most recent density ratios (supergrades compared to total force) show that possibility of advancement for civilians is vastly better in CIA than in DIA. The Civil Service Commission has refused DIA exemption from the General Schedule that CIA maintains. A deputy director of DIA informed Committee staff that civilians are still "second class citizens" there. Staff interview with James Agersborg, DDI/DIA, Nov. 10, 1975. Statistics provided by ASDI.

Risks

The American taxpayer clearly does not receive full value for his intelligence dollar. The costs of intelligence should not, however, be measured in dollars alone. Many day-to-day activities inevitably pose real risks.

The Committee has found that when results are measured against hazards alone, certain intelligence programs may be wholly unacceptable; other projects may too easily stray from wise and worthwhile courses, without detection.

It is disturbing that the consequences of intelligence activities are sometimes apparently given scant consideration by policy makers. Even more troubling are indications that this insensitivity continues when dangers reveal themselves.

1. Covert Action

The Committee has examined CIA covert action operations and has considerable evidence that they are irregularly approved, sloppily implemented, and at times have been forced on a reluctant CIA by the President and his National Security Advisor.

"Covert action" may be defined as clandestine activity other than purely information-gathering, which is directed at producing a particular political, economic, or military result.

Successive administrations have cited Section 102 of the National Security Act of 1947 as the legal justification for covert action.⁴³¹ During the course of this investigation, the Special Counsel to the Director of Central Intelligence has argued that the President, in his conduct of foreign relations, has an inherent Constitutional mandate to authorize these activities.⁴³²

On the other hand, in recent years, commentators have maintained that in establishing the CIA, Congress had no specific intention that covert operations apart from intelligence-gathering missions be conducted. Witnesses before the Committee likewise disputed any inherent Constitutional power to conduct covert actions. In any event, Congress has implicitly acquiesced in covert action through the oversight process.

It may be argued that there has been explicit approval as well. Just as the War Powers Act acknowledges the authority of the President to conduct overt military hostilities, albeit for a limited period, without a Congressional declaration of war, the Ryan-Hughes Amendment to the Foreign Assistance Act of 1974⁴³⁴ formally acknowledges the existence and legality of covert action.

The Committee has surveyed all Forty Committee approvals since 1965, and has delved deeply into three recent covert action projects. It is believed that the Committee's review of ten years of covert action is without precedent in the Congress or the executive branch.

a. Ten Year Survey

Our primary purpose was to determine whether the Forty Committee and its predecessors had been exercising their oversight and control responsibilities from 1965 to date.⁴³⁵ To do this, it was necessary to trace the process from proposal to final approval.

Like other aspects of covert action, fixing responsibility for the initiation of various covert action projects was a difficult task. As recorded in Forty Committee records, the vast majority of projects was submitted by the CIA, 88 percent of the total projects since 1965. The high number of covert action proposals represents a general activism within the foreign affairs bureaucracy, especially within CIA.

The overall picture, however, does not support the contention that covert action has been used in furtherance of any particular principle, form of government, or identifiable national interest. Instead, the record indicates a general lack of a long-term direction in U.S. foreign policy. Covert actions, as the means for implementing a policy, reflected this band-aid approach, substituting short-term remedies for problems which required long-term cures.

Covert action proposals came from a variety of interest areas: a foreign head of state, the Department of Defense, the Department of State, an Ambassador, CIA, the Assistant to the President for National Security Affairs, a cabinet member, or the President himself.

Proposals involving a large expenditure of funds or classified as "politically sensitive," required review and approval of the Forty Committee. Unfortunately, the executive branch does not have a clear definition of what constitutes a large or politically sensitive operation. Projects of less sensitivity are approved within the CIA, usually at the level of the Deputy Director for Operations, with the determination of "political sensitivity" being left to the Director of Central Intelligence.

The Forty Committee is chaired by the Assistant to the President for National Security Affairs and includes the Deputy Secretary of Defense, the Undersecretary of State for Political Affairs, the Chairman of the Joint Chiefs of Staff, and the Director of Central Intelligence. Theoretically, a detailed proposal is presented to this group. The members are then afforded an opportunity for a full discussion of the merits and a reporting of their views to the President. In practice, the Forty Committee has often been little more than a rubber stamp.

The procedures for approval of covert action have changed with administrations, political conditions and personalities. At various times, the approval process has been relatively informal, extraordinarily secretive, and pro-forma.

While on occasion some projects have been considered in depth at Committee meetings which included the approval or disapproval by formal votes, several informal procedures have frequently been used. These informal procedures, such as telephonic votes, do not allow each member to benefit from the views of his colleagues. At times, members have been given only the barest of details, and instead of formal votes have simply been allowed the opportunity to acknowledge the project's existence.

The Forty Committee has only one full-time professional staff member. Because of the high degree of compartmentation attending these projects, committee members—who are among the busiest officials in government—are frequently in the position of evaluating a complex proposal without adequate staff support. The Assistant to the President for National Security Affairs and the Director of Central Intelligence, having the incentive and the resources to cope with Forty Committee business, clearly dominate the process.

The origin of many covert action projects is murky at best.

The CIA, as the prospective implementation arm, is often directed to produce proposals for covert action and is, therefore, incorrectly seen as a plan's original proponent. It is clear that on several occasions involving highly sensitive projects, CIA was

c. Media and Propaganda

Some 29 percent of Forty Committee-approved covert actions were for media and propaganda projects. This number is probably not representative. Staff has determined the existence of a large number of CIA internally-approved operations of this type, apparently deemed not politically sensitive. It is believed that if the correct number of all media and propaganda projects could be determined, it would exceed Election Support as the largest single category of covert action projects undertaken by the CIA.

Activities have included support of friendly media, major propaganda efforts, insertion of articles into the local press, and distribution of books and leaflets. By far the largest single recipient has been a European publishing house funded since 1951. There are a number of similar operations in the region. About 25 percent of the program has been directed at the Soviet Bloc, in the publication and clandestine import and export of Western and Soviet dissident literature.

d. Paramilitary/Arms Transfers

The 23 percent approvals in this category from 1965 to 1975 have taken one of essentially four forms: secret armies, financial support to groups engaged in hostility,



India explodes a nuclear device, May 1974. After the explosion, intelligence analysts knew

summarily ordered by the President or his National Security advisor to carry out a covert action program. It is further clear that CIA has been ordered to engage in covert action over the Agency's strong prior objections.

All evidence in hand suggests that the CIA, far from being out of control, has been utterly responsive to the instructions of the President and the Assistant to the President for National Security Affairs. It must be remembered, however, that the CIA Director determines which CIA-initiated covert action projects are sufficiently "politically sensitive" to require Presidential attention.

From 1965 to 1972, a majority of approvals occurred subsequent to a formal committee meeting; although many telephonic approvals also took place during this period. In 1972, the process became quite informal, often involving mere notification to members that an operation had already been set in motion by the President. The Forty Committee, as the review and approval mechanism for covert action, fell into virtual disuse, with telephonic approvals being the rule and formal meetings the exception. One formal meeting was held in 1972, none in 1973 and 1974. This process did not begin to reverse itself until 1975.

b. Election Support

From 1965 to date, 32 percent of Forty Committee approved covert action projects were for providing some form of financial election support to foreign parties and individuals. Such support could be negative as well as positive. This is the largest covert action category, and its funding has occurred in large part in the developing countries. With few exceptions, financial support has been given to incumbent moderate party leaders and heads of State.

Certain projects have had a long life. One Third World leader received some \$960,000 over a 14-year period. Others were financially supported for over a decade.

e. Organizational Support

A plethora of foreign, civic, religious, professional, and labor organizations have received CIA funding. There has been no real geographical concentration, although the Third World was again well represented. For example, one labor confederation in a developing country received an annual subsidy of \$30,000 in three successive years.

f. Trends

Since 1965, there has been a general decline in the number of covert action projects approved by the Forty Committee. There are indications that the low figure represents the Director of Central Intelligence's determination that not as many projects should be

considered "politically sensitive" and taken to the Forty Committee for approval. This, in turn, may reflect his recognition that the Forty Committee had fallen into disuse and their approvals pro-forma.

There is no indication that the passage of the Ryan-Hughes Amendment to the Foreign Assistance Act of 1974, requiring Presidential certification and briefings of Congressional oversight committees, has had a significant impact on the national covert action program. As the events of 1975 have shown, those who had warned that the Amendment and the Congressional probes into the U.S. intelligence community would make covert action impossible, have not seen their fears realized.

g. Three Projects

The three projects examined in depth were selected from major recent operations, apart from the American experience in Indochina, and involved different types of covert activity. One was election funding of pro-U.S. elements in an allied country. The second was Presidential-directed arms support of an insurgency movement at the behest of the foreign head of a third country. The last involved a mix of political action, military training, and assistance to pro-Western forces in Angola. The last project was also initiated in part at the request of a third party.

The Committee became aware of each of these operations through other parts of its investigation and through information provided to staff by sources outside the intelligence community. For example, a study of CIA arms inventories and shipments led to the major Agency paramilitary support operations.

The case studies are not representative of all covert action since 1965. The Committee does believe that they are not atypical of most major programs of this type. CIA has indicated its agreement with the completeness and factual accuracy of the staff's analysis, though not necessarily with the conclusions.

Case 1. Election Support

The U.S. perhaps needlessly expended some \$10 million in contributions to political parties, affiliated organizations, and 21 individual candidates in a recent parliamentary election [1972—editor's note] held in an allied country [Italy—editor's note].

The program was initiated by our Ambassador [Graham Martin—editor's note], who later persuaded the Assistant to the President for National Security Affairs [Henry Kissinger—editor's note] to authorize him, rather than CIA, to select funding recipients and otherwise control the program's implementation. The results of the aid were mixed and short-lived.

With national assembly elections less than two years away, the U.S. country team concluded from a CIA-conducted survey that the pro-U.S. elements, which had governed the country since the post-war period, were being seriously challenged by the Communists. The opposition, apparently heavily financed by Moscow, had scored gains in regional elections and trailed the incumbents by only a few points in the opinion polls.

Pro-West parties and affiliates had received substantial funding in the past. CIA reports total U.S. election financing over a previous 20-year period at some \$65 million.⁴⁴⁸ Despite this massive aid, the beneficiaries had suffered repeated electoral setbacks. American observers apparently concluded that another "quick fix" was necessary to see our clients through the next vote.

Anxious to gain control of the covert program, and fearing that inter-agency consideration would be inhibiting, the Ambassador has originally sought the President's personal approval of this proposed political action.⁴⁴⁹

This course would avoid the Forty Committee and, with it, the inevitable role of CIA in implementing the program. The Ambassador was rebuffed. Ironically, the Assistant to the President then requested that CIA draft a proposal without the knowledge of the Ambassador or the Department of State.⁴⁵⁰

It is known that during this period the President was indirectly approached by prominent international businessmen, who were former nationals of the allied country. Their communications to the President were not available to the Committee.⁴⁵¹

The Forty Committee subsequently approved the CIA proposal, but with unusual implementation: Despite the usual near-automatic control of covert action by CIA, the Ambassador, by all accounts a man of unusual force, successfully extracted from the Assistant to the President the commitment that he would have total control of the "mix and implementation" of the project.⁴⁵² Thus, the Ambassador, who had been in the country less than two years and did not speak the language, would determine which individuals and organizations would receive U.S. funds. The

CIA station would be reduced to couriers. The Agency expressed concern that a high profile by the Ambassador would needlessly compromise the program; their complaints fell on deaf ears, despite the agreement of all that exposure would bring down the pro-West government.

A major political party received \$3.4 million; a political organization created and supported by CIA, \$3.4 million; other organizations and parties, a total of \$1.3 million. Substantial funds were provided to several incumbents whose seats did not appear in jeopardy. Of a total of \$11.8 million approved by the Forty Committee, only \$9.9 million was actually spent. The reserve was held to be spent in the following year.

CIA concurred in most of the recipients chosen by the Ambassador, although differences were expressed on precise amounts. There were serious disagreements over some recipients. One of these was a high local intelligence official to whom the Ambassador wanted to give over \$800,000, to conduct a propaganda effort. The Ambassador was unmoved by CIA warnings that the man was clearly linked to anti-democratic elements of the right, and went ahead with the funding.⁴⁵⁶

Embassy control of the funds was poor. Participants in the program testified before the Committee that little effort was made to earmark grants or, failing that, at least, seek assurances that the money was spent as intended by the Forty Committee. The Ambassador resisted most CIA control suggestions, insisting that such monitoring would insult the recipients. Thus, there was almost no accounting or control of the expenditures.⁴⁵⁷ There is no indication that the Ambassador began to encounter interference from Washington at this point.

The fruits of this U.S. investment are difficult to assess. The pro-U.S. elements retained control of the government by a small plurality, and most of the incumbents supported were returned to office. On the other hand, the ruling coalition quickly lost public support and suffered severe reverses in subsequent local elections.

Case 2: Arms Support

[At this point in the committee report one manuscript page was missing. It is clear from the context that the missing material opened a discussion of a U.S. scheme, involving the Shah of Iran, to channel secret aid to the Kurds in their rebellion against the government of Iraq.]⁴⁵⁹

The program, ultimately to involve some \$16-million, was apparently endorsed by the President after a private meeting with the foreign head of state and Dr. Kissinger.

There was no Forty Committee meeting at which a formal proposal paper containing both pros and cons could be discussed and voted on. Instead, members were simply directed to acknowledge receipt of a sparse, one-paragraph description of the operation. In a setting of almost unprecedented secrecy within the U.S. government, John B. Connally, the former Treasury Secretary, about to assume a major role in the President's re-election campaign, personally advised the head of state that the U.S. would cooperate.⁴⁶¹

The recipients of U.S. arms and cash were an insurgent ethnic group fighting for autonomy in a country bordering our ally. The bordering country and our ally had long been bitter enemies. They differed substantially in ideological orientation and in their relations with the U.S.

Evidence collected by the Committee suggests that the project was initiated primarily as a favor to our ally, who had cooperated with U.S. intelligence agencies, and who had come to feel menaced by his neighbor.

As our ally's aid dwarfed the U.S. aid package, our assistance can be seen as largely symbolic. Documents made available to the Committee indicate that the U.S. acted in effect as a guarantor that the insurgent group would not be summarily dropped by the foreign head of state.⁴⁶² Notwithstanding these implicit assurances, the insurgents were abruptly cut off by our ally, three years, thousands of deaths, and 16 million U.S. dollars later.⁴⁶³

It appears that, had the U.S. not reinforced our ally's prodding, the insurgents may have reached an accommodation with the central government, thus gaining at least a measure of autonomy while avoiding further bloodshed. Instead, our clients fought on, sustaining thousands of casualties and 200,000 refugees.

There is little doubt that the highly unusual security precautions and the circumvention of the Forty Committee were the product of fears by the President and Dr. Kissinger that details of the project would otherwise leak—a result which by all accounts would have mightily displeased our ally. It is also clear that the secrecy was motivated by a desire that the Depart-

ment of State, which had consistently opposed such ventures in the region, be kept in the dark.⁴⁶⁴

Perhaps more than the President's disregard of the Forty Committee, the apparent "no win" policy of the U.S. and its ally deeply disturbed this Committee. Documents in the Committee's possession clearly show that the President, Dr. Kissinger and the foreign head of state hoped that our clients would not prevail.⁴⁶⁵ They preferred instead that the insurgents simply continue a level of hostilities sufficient to sap the resources of our ally's neighboring country.⁴⁶⁶ This policy was not imparted to our clients, who were encouraged to continue fighting. Even in the context of covert action, ours was a cynical enterprise.

It is particularly ironic that, despite President Nixon's and Dr. Kissinger's encouragement of hostilities to keep the target country off-balance, the United States personally restrained the insurgents from an all-out offensive on one occasion when such an attack might have been successful because other events were occupying the neighboring country.⁴⁶⁷

All U.S. aid was channeled through our collaborator, without whose logistical help direct assistance would have been impossible. Our national interest had thus become effectively meshed with his. Accordingly, when our ally reached an agreement with the target country and abruptly ended his own aid to the insurgents, the U.S. had no choice but to acquiesce. The extent of our ally's leverage over U.S. policy was such that he apparently made no effort to notify his junior American partners that the program's end was near.

The insurgents were clearly taken by surprise as well. Their adversaries, knowing of the impending aid cut-off, launched an all-out search-and-destroy campaign the day after the agreement was signed.⁴⁶⁸ The autonomy movement was over and our former clients scattered before the central government's superior forces.⁴⁷⁰

The cynicism of the U.S. and its ally had not yet completely run its course, however. Despite direct pleas from the insurgent leader and the CIA station chief in the area to the President and Dr. Kissinger, the U.S. refused to extend humanitarian assistance to the thousands of refugees created by the abrupt termination of military aid. As the Committee staff was reminded by a high U.S. official, "covert action should not be confused with missionary work."⁴⁷¹

Case 3: Angola

For reasons not altogether clear, and despite the opposition of senior government officials, the U.S. has been heavily involved in the current civil war in Angola.

The CIA has informed the Committee that since January 1975, it had expended over \$31 million in military hardware, transportation costs, and cash payments by the end of 1975. The Committee has reason to believe that the actual U.S. investment is much higher. Information supplied to the Committee also suggests that the military intervention of the Soviet Union and Cuba is in large part a reaction to U.S. efforts to break a political stalemate, in favor of its clients.

The beneficiaries of U.S. aid are two of the three contesting factions: the National Front for the Independence of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA). The third faction contesting for control of the government, following independence on November 11, 1975, is the Soviet-backed Popular Movement for the Liberation of Angola (MPLA). CIA estimates that the fighting had claimed several thousand casualties by the end of 1975.

The main U.S. client is the National Front, headed by Holden Roberto, a longtime associate and relative of President Mobutu Sese Seko of neighboring Zaïre. Subsequent to President Mobutu's request last winter to Dr. Kissinger, as independence for Angola became a certainty and liberation groups began to jockey for position, the Forty Committee approved furnishing Roberto \$300,000 for various political action activities,⁴⁷⁴ restricted to non-military objectives.

Later events have suggested that this infusion of U.S. aid, unprecedented⁴⁷⁵ and massive in the underdeveloped colony, may have panicked the Soviets into arming their MPLA clients, whom they had backed for over a decade and who were now in danger of being eclipsed by the National Front. Events in Angola took a bellicose turn as the U.S. was requested by President Mobutu to make a serious military investment.

In early June, 1975, CIA prepared a proposal paper for military aid to pro-U.S. elements in Angola, the cost of which was set at \$6 million. A revised program, costing \$14 million, was approved by the Forty Committee and by President Ford in July. This was increased to \$25 million in August, and to about \$32 million in November. By mid-summer, it was decided

that U.S. aid should, not, be given solely to Roberto, but instead, divided between him and UNITA's Jonas Savimbi.

The Committee has learned that a task force composed of high U.S. experts on Africa⁴⁷⁷ strongly opposed military intervention; instead, last April they called for diplomatic efforts to encourage a political settlement among the three factions to avert bloodshed. Apparently at the direction of National Security Council aides, the task force recommendation was removed from the report and presented to NSC members as merely one policy option. The other two alternatives were a hands-off policy or substantial military intervention.

Of CIA's \$31 million figure, said to represent expenditures to the end of 1975, about half is attributed to supply of light arms, mortars, ammunition, vehicles, boats, and communication equipment. The balance includes shipping expenses and cash payments. The Committee has reason to question the accuracy of CIA's valuation of military equipment sent to Angola.

A staff accountant on loan from the General Accounting Office has determined that CIA "costing" procedures and the use of surplus equipment have resulted in a substantial understatement of the value of U.S. aid. Examples include .45 caliber automatic weapons "valued" by CIA at \$5.00 each and .30 caliber semi-automatic carbines at \$7.55. Based on a sampling of ordnance cost figures and a comparison with Department of Defense procedures, staff advises that the CIA's ordnance figure should at least be doubled.

Dr. Kissinger has indicated that U.S. military intervention in Angola is based on three factors: Soviet support of the MPLA and the USSR's increased presence in Africa; U.S. policy to encourage moderate independence groups in southern Africa, and the U.S. interest in promoting the stability of Mobutu and other leadership figures in the area. Past support to Mobutu, along with his responsiveness to some of the United States recent diplomatic needs for Third World support, make it equally likely that the paramount factor in the U.S. involvement is Dr. Kissinger's desire to reward and protect African leaders in the area. The U.S.'s expressed opposition to the MPLA is puzzling in view of Director's Colby's statement to the Committee that there are scant ideological differences among the three factions, all of whom are nationalists above all else.⁴⁸¹

Control of resources may be a factor. Angola has significant oil deposits and two American multinationals, Gulf and Texaco, operate in the off-shore area. Gulf had deposited some \$100 million in concession fees in a national bank now under MPLA control. At the suggestion of the U.S. government, the company suspended further payments.

Until recently, the U.S.-backed National Front was supported by the People's Republic of China, which had provided about 100 military advisors. Mobutu has provided a staging area for U.S. arms shipments and has periodically sent Zairians troops, trained by the Republic of North Korea, into Angola to support Roberto's operations. Small numbers of South African forces have been in the country and are known to have been in contact with Savimbi's UNITA troops.

Pursuant to Section 662 of the Foreign Assistance Act of 1974, the President has found that the Angola action program is "important to the national security." As directed by the Act, CIA has briefed the Congressional oversight committees as to the Forty Committee approvals of increased amounts of military aid.

CIA officials have testified to the Committee that there appears to be little hope of an outright MPLA military defeat. Instead, U.S. efforts are now aimed at promoting a stalemate, and in turn, the ceasefire, and the coalition government urged by the long-forgotten NSC task force.

Footnotes:

⁴³¹Section 102 (d) (5) calls on CIA, under National Security Council direction, "to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct."

⁴³²Mitchell Rogovin, Counsel to the DCI, argued that "before there was a 1947 Act there was a United States and a United States with a President with the authority to conduct foreign affairs and he conducted such affairs over the history of the nation which involved activity which we now know as covert activity. Now the 1947 Act did not give the President a power he did not have before. The 1947 Act merely came upon the scene as it was and it set up the National Security Council. The Council itself subsequently took its authority and devised a 40 Committee as an implementing system for getting information with respect to covert activity. So that the activity in 1972 grew from two separate legal authorities for the President to pursue."

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434 Section 32 of Public Law 93-559 (The Foreign Assistance Act Amendments of 1974) states in part: "No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President of the United States finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress, including the Committee on Foreign Relations of the United States Senate and the Committee on Foreign Affairs of the United States House of Representatives." The remaining four committees are the Armed Services and Appropriations Committees of the House of Representatives and the Senate.

435 Subsequent to a subpoena issued by the Committee on Nov. 6, 1975, two staff members reviewed all records of the Forty Committee reflecting approvals for Covert Action from 1965 to 1975. All information and statistics used in the section entitled "Ten Year Survey" are drawn from the staff review of those documents. The staff presented their findings to the full Committee in Executive Session testimony on Dec. 9, 1975. During that session, Mr. Colby had an opportunity to express his views on the staff report and while he had reservations about the conclusions, he raised no substantial disagreement with the facts.

437 It appears clear that this expenditure was made despite the fact that money was "not the problem." Cable from Chief of Station

To Headquarters in Washington 3 March
"Ambassador continues to cogitate on nature, amount and channel for financial assistance, an telling Station very little. He is aware of Station view that money is not the problem; [deleted] has plenty and any amount we contribute to [deleted] will have insignificant effect on electoral showing. If we could reduce the pernicious effect of interparty squabbling and get party to pull in unison, this would be worth financial support. We do not exclude possibility Ambassador [deleted] will want to give some money strictly as a demonstration of 'solidarity' and a case might be made for this, but not two million dollars worth." (Emphasis supplied)

MEMORANDUM FOR: Director of Central Intelligence
VIA: Deputy Director of Plans
SUBJECT: Forty Committee Approval For Political Action Program 18 February

"Costs
This program will cost \$1,050,000 the first year and \$2,465,000 the second"

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT: Ambassador, [deleted] Proposed, [deleted] Election Program 7 March

"Costs
Of the \$10,000,000, the \$1,790,000 for the [deleted] is to come from the budget approved on March 10 by the 40 Committee. \$8,300,000 in new funds will be required."

448 MEMORANDUM FOR: The Forty Committee
SUBJECT: Political Action Program for [deleted] to Arrest the Growing Power of the Communists 10 March

"1. History of CIA Supported Political Action in [deleted]. The United States government was concerned in 1948 that the Communists would emerge from the national elections sufficiently strong to enter the government as a major if not dominant force. As a counter, it was decided that CIA should give \$1,000,000 to the center parties for this election with the bulk going to [deleted].

"Between 1948 and 1964 funds provided to [deleted] totaled approximately \$5,450,000. Between 1948 and 1963 additional support to [deleted] in eight national and regional elections amounted to \$11,800,000. Between 1958 and 1968, the [deleted] received about \$26,000,000 to support its opposition to the Communist dominated labor confederation. [deleted] received some \$11,350,000 during this period.

"Between 1948 and 1968 other organizations received about \$10,550,000 of CIA assistance. This support was given to the following political parties associated with center or center-left governments . . .

"In sum, excluding the initial \$1,000,000 spent in the 1948 campaign, CIA gave [deleted] and its related organizations \$34,600,000 as well as \$10,550,000 to the other non-Communist parties and affiliates for a grand total of \$65,150,000 over approximately twenty years, starting in 1948 . . .

449 The Ambassador had decided during the first

months of the project that he would go directly to the President for his approval, and that he would exclude the CIA from whatever plans he would propose.

Cable from Chief of Station

To Headquarters 13 March
"Ambassador [deleted] case (which he hopes present to President [deleted] and [National Security Advisor]), and not to State Department or 40 Committee . . . Imperative keep these observations as privileged within CIA owing Ambassador [deleted] explicit admonitions to Chief of Station to effect he does not repeat not wish inform anyone in Washington his views until he personally sees President [deleted]."

Cable from Chief of Station

To Headquarters 14 October
"Concur that Ambassador [deleted] will raise the need for political action in [deleted] in the future. A key to his thinking is his strong conviction that any political action program in [deleted] which requires 'interagency approval' is not likely to get off the ground."

Cable from Headquarters

To Chief of Station 15 October
"Keep in mind that Ambassador [deleted] previous proposal re support of [projects in other countries] . . . floundered in large measure because it was not submitted through proper channels and thus was not injected into interagency mechanism until too late."

Nonetheless, the Ambassador stated to the Committee that he had not really attempted to bypass the Forty Committee.

Comm. Hearings

"CHAIRMAN PIKE: But was not an effort made to have your plan approved by the President without going through the Forty Committee route? AMBASSADOR [deleted]: No sir, it would never have occurred to me that this was even possible."

450 The initial Forty Committee Approval paper which was drafted by the CIA stated:

"4. Coordination
At the request of [National Security Advisor], this program has not yet been coordinated with Ambassador or with the Bureau of [deleted] of the Department of State."

The CIA, while waiting for the President to respond to the Ambassador's proposal, did not believe that the CIA could wait indefinitely for that answer.

Cable from Headquarters

To CIA Chief of Station 7 January

"At this juncture, Ambassador [deleted] should not repeat: not be apprised of this draft paper's preparation. CIA is preparing this draft paper . . . for internal purposes and it will not repeat not be discussed with State at this time."

451 The CIA alluded to other approaches to the President by private individuals.

Cable from Chief of Station

To Headquarters 10 February

"2. An important factor in Ambassador [deleted] desire to present an action program is his problem of how to cope with the many American and [deleted] channels to President [deleted] office which now exist. Ambassador [deleted] has become aware of this special character of [deleted] U.S. relations and is trying to get a handle on this problem rather than having to react to the advice and influence offered by others."

Cable from Chief of Station

To Headquarters 11 February

"B. Ambassador [deleted] insists that unless he proceeds quickly 'certain people' will push the White House into a 'disastrous program.' The name of [an international businessman who contacted the White House] finally emerged. If you think the [right-wing foreign intelligence officer's] program is bad, you should see the kind of stuff [international businessman] is trying to sell. In the Ambassador's view [international businessman] is further to the right than [right-wing politician]."

452 State Department officials in talks with the Agency also expressed reservations in dealing with these channels to the White House.

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"2. [State Department official] said that one of the problems that he had in dealing with [deleted] affairs is that people like [international businessman] had excellent access to higher echelons of our government, and there was no way of knowing their information input. He said that [international businessman] had very good relations with [deleted] of the White House. (The international businessman conducted foreign fund-raising activities for a U.S. political party.)"

452 Testimony given to the Committee by the CIA Deputy Director for Operations states that "The Forty Committee approval stated that Ambassador [deleted] would control the mix and implementation . . . of the program and would be expected to forward recommendations for additional overt activities which might be undertaken in support of U.S. objectives in [deleted]." Comm. Hearings

The Agency was uncomfortable with this unaccustomed turn of events. In cables from the Station, it was reiterated that the Ambassador was to be the one calling the shots.

Cable from Chief of Station

To Headquarters June

"1. Morning 4 June: I delivered to Ambassador a sterile copy of your message. After reading, it he commented that 'They still do not understand that the program as approved by 40 Committee and the President is only an illustrative one leaving to Ambassador [deleted] the authority to decide what should be done.'"

"4. Headquarters is in error if it really believes friction with Ambassador [deleted] can be avoided. Ambassador understands CIA views better. He understands them only too well. It is this understanding that causes the friction and it will continue."

The Agency and the Ambassador had frequent disagreements over the "mix and implementation" of the project and its developments.

Comm. Hearings at "AMBASSADOR: One of the people who was here this morning, the Acting Chief of Station, couldn't get away from the fact that the Agency had traditionally run all this and [thought that] the Agency knew better what needed to be done and [couldn't accept] what the 40 Committee had said and the President had approved, that the authority and the mix and implementation would be mine. He felt that if he disagreed with something, that therefore they could veto it and send it back, you see, for whatever. Yes, I did object to this."

The Ambassador felt so strongly about his differences of opinion with the Acting Chief of Station that he mentioned their disagreements nine times during his testimony before the Committee.

The Ambassador reacted vigorously even when his authority was questioned by [the National Security adviser] and reviewed by the Forty Committee. When [the National Security adviser] decided that the CIA should submit a separate progress report of the project to the Forty Committee, the Ambassador was aroused.

Cable from Chief of Station

To Headquarters 28 February

"1. You should be aware that Ambassador [deleted] reaction to (memo) was negative in the extreme. He considers it offensive to him personally that the CIA would submit annual report. Says it is not true that [National Security adviser] 'ruled' that CIA submit report. It was CIA that suggested that idea to him."

At the annual 40 Committee review of the project, reservations were expressed by the members on portions of the operation, particularly the funding of a moribund [political action group]. The Ambassador was annoyed at this interference from Washington and he apparently resorted to subterfuge.

Cable from Chief of Station

To Headquarters 16 March

"1. Ambassador intensely annoyed by outcome of 40 Committee meeting.

"2. You will note that Ambassador's message states he has committed additional [amount of money] to [affiliated political action group] effort. This is not repeat repeat not true. He was urged not to make this statement because it: (A) not accurate and (B) still not determined that [affiliated political action group] could effectively use or absorb this additional amount. Ambassador said he insisted on reporting that funds committed for tactical reasons."

⁴⁵⁶The Ambassador and the CIA had sharp disagreements about the funding of this [right-wing, senior intelligence officer] and his propaganda program. Initially, the Chief of Station expressed his reservations about the project to the Ambassador.

Cable from Chief of Station.

To Headquarters 10 February
 "3. In response to Chief of Station's question, 'Do you really care if [foreign intelligence officer] propaganda efforts are successful or not,' Ambassador [deleted] replied, 'Yes, I do, but not a helluva lot. Important thing is to demonstrate solidarity for the long pull.'"

When the Chief of Station continued to resist further on the funding, the Ambassador became very annoyed.

Cable from Chief of Station

To Headquarters 11 February
 "3. Ambassador [deleted] said Headquarters absolutely wrong. Said he had discussed in Washington (did not say with whom) and all agreed this was legitimate. . . Chief of Station expressed the view that Ambassador [deleted] should first clarify this point in personal exchange with CIA. . . [He [Ambassador] thereupon accused Chief of Station of dragging his feet in contacting [foreign intelligence officer]; and said if this continued beyond today he would 'Instruct Marine guards not to let you in this building and put you on the airplane.' Chief of Station said he thought this a bit extreme and expressed view that Ambassador [deleted] could hardly object to what appeared legitimate Headquarters question. He did object and with vigor."

The CIA headquarters shared the same concerns as the Station Chief and warned the Ambassador in conciliatory terms against funding, especially on a no-strings-attached.

⁴⁵⁷Control over funding was so loose that there was no way of checking to see if funds were being expended for the purposes for which they said the were to be used. The Ambassador said before the Committee, "I think as it turned out that we did get our full money's worth."

"Now on the question of the possibility of a rip-off, that is quite true. The possibility exists."

⁴⁵⁹[The beginning of this footnote was not available—editor's note.] . . . we do not wish to become involved, even indirectly, in operations which would have the effect of prolonging the insurgency, thereby encouraging separatist aspirations and possibly providing to the Soviet Union an opportunity to create difficulties for [two other U.S. allies]." A CIA cable from the COS in the area to the DCI contains the U.S. Ambassador's views on the proposal: "My reaction is against giving financial support to this operation unless there are important policy considerations to the contrary of which I am not aware. Furthermore, the road is open-ended and if we begin and then decide to withdraw there might be unfortunate misinterpretations of our reasons which could adversely affect our relations with [our ally]." A second proposal was turned down in August of 1971 and again in March of 1972. On the latter occasion, Dr. Kissinger conferred with a high State Department official in-depth on the proposal and agreed that it should be disappointed.

⁴⁶¹The Secretary of the 40 Committee hand-carried a brief one paragraph synopsis of the project to the members for them to initial. The conclusion that the procedure was simply pro-forma is indicated by the fact that John Connally had already informed our ally that the U.S. would provide support to the insurgents. In addition, even the pros and cons contained in the CIA proposal paper prepared for Dr. Kissinger were foregone conclusions. Responding to a question by staff concerning why CIA's negative views of the project were not put more forcefully, a CIA official responded that "the Committee must realize that CIA was told to prepare a paper on 'how' the project could be done, not 'whether' the project should be done."

⁴⁶²On numerous occasions the leader of the ethnic group expressed his distrust of our allies' intentions. He did, however, trust the United States as indicated by his frequent statements that "he trusted no other major power" and asserted that if his cause were successful he was "ready to become the 51st state." (See COS cable to DCI of January 16, 1975, for one example.) In addition, his admiration for Dr. Kissinger was expressed on two occasions when he sent a gift of three rugs and later on the occasion of Dr. Kissinger's marriage, a gold and pearl necklace. A May 20, 1974, Memorandum to Brent Scowcroft explains the necessity of keeping the gifts secret: "As you are aware, the relationship between the United States Government and the [ethnic group] remains extremely sensitive. Knowledge

restricted; therefore, the fact that Dr. Kissinger has received this gift should be similarly restricted."

⁴⁶³The cut-off of aid to the ethnic group came as a severe shock to its leadership. A CIA cable from the COS to the DCI on March 15, 1975, describes the method used by our ally to inform the ethnic group's leadership. On March 5, a representative of our ally's intelligence service visited the headquarters of the ethnic group and "told [them] in bluntest imaginable terms that a) the border was being closed to all repeat all movement, b) . . . could expect no more assistance from [our ally]; c) . . . should settle with our [ally's] enemy on whatever terms he could get, and d) his military units would be allowed to take refuge in [our ally's country] only in small groups "and only if they surrendered their arms to [our ally's] army."

⁴⁶⁴Elaborate measures were taken to insure that the Department of State did not gain knowledge of the project. Documents suggest that it may have originally been planned to keep the project so severely restricted that not even the Ambassador to the country involved was to be told.

In addition, evidence in the Committee files is conflicting on whether Secretary of State William P. Rogers was ever informed of the project. Officials of Kissinger's staff and CIA officials assumed that he

"a uniquely useful tool for weakening [our ally's] enemy's potential for international adventurism."

⁴⁶⁷A White House memorandum of October 16, 1973, from Dr. Kissinger to the DCI states: "The President concurs in your judgment in paragraph 3 of your memorandum of October 15 on the above subject: You should therefore send the following reply immediately to [the ethnic group]—We do not repeat not consider it advisable for you to undertake the offensive military action that [another government] has suggested to you. For your information, we have consulted with [our ally] through the Ambassador, and they have both made the same recommendation."

⁴⁶⁹The attack launched the day after the agreement was signed caught the ethnic group by surprise. A message from their headquarters to CIA on 10 March, 1975 read as follows: "There is confusion and dismay among our people and forces. Our people's fate in unprecedented danger. Complete destruction hanging over our head. No explanation for all this. We appeal you and USG intervene according to your promises and not letting down ally, to save [ethnic leader's] life and dignity of our families, to find honorable solution to [our] problem." On that same day the Chief of Station sent the following cable to the DCI: "Is headquarters in touch with Kissinger's office on this, if USG does not handle this situation deftly in a way



Greek Cypriots attack an American Library, January 1975: Did the U.S. "allow" it to happen?

had been briefed since U. Alexis Johnson was a member of the Forty Committee. And, in an interview with staff, Mr. Rogers stated that he felt certain that he had been informed. Nevertheless, a cable from Secretary Rogers almost a year after the project began suggests that he did not have knowledge, as of June 22, 1973. The cable states that "in view of continued US policy, not repeat not give encouragement to the [ethnic group's] hopes for U.S. assistance or recognition, we would intend keep contacts at country directorate level." Interview with William P. Rogers, by Aaron Donner, Oct. 20, 1975, copy on file with Sel. Comm. on Intell.

⁴⁶⁵The progressively deteriorating position of the ethnic group reflected the fact that none of the nations who were aiding them seriously desired that they realize their objective of an autonomous state. A CIA memo of March 22, 1974 states our ally's and the United States' position clearly: "We would think that [our ally] would not look with favor on the establishment of a formalized autonomous government. [Our ally] like ourselves, has seen benefit in a stalemate situation . . . in which [our ally's] enemy is intrinsically weakened by [the ethnic group's] refusal to relinquish its semi-autonomy. Neither [our ally] nor ourselves wish to see the matter resolved one way or the other."

⁴⁶⁶The CIA had early information which suggested that our ally would abandon the ethnic group the minute he came to an agreement with his enemy over border disputes. Two months after initiating the project a CIA memo of Oct. 17, 1972 states: "[Our ally] has apparently used [another government's] Foreign Minister to pass word to [his enemy] that he would be willing to allow peace to prevail [in the area] if [his enemy] would publicly agree to abrogate [a previous treaty concerning their respective borders]." In addition, CIA memos and cables characterize our ally's views of the ethnic group as "a card to play" in this dispute with his neighbor. And a CIA memo

which will avoid giving the [ethnic group] the impression that we are abandoning them; they are likely to go public. [Our ally's] action has not only shattered their political hopes; it endangers lives of thousands." The COS proceeded to make suggestions for what the USG could do to help and ended with the remark "it would be the decent thing for USG to do."

⁴⁷⁰Also on March 10, 1975, the following letter arrived from the leader of the ethnic group to Secretary of State, Henry Kissinger: "Your Excellency. Having always believed in the peaceful solution of disputes including those between [your ally and his enemy] we are pleased to see that their two countries have come to some agreement. . . However, our hearts bleed to see that an immediate by product of their agreement is the destruction of our defenseless people in an unprecedented manner as [your ally] closed its border and stopped help to us completely and while [his enemy] began the biggest offensive they have ever launched and which is now being continued. Our movement and people are being destroyed in an unbelievable way with silence from everyone. We feel your Excellency that the United States has a moral and political responsibility towards our people who have committed themselves to your country's policy. In consideration of this situation we beg your Excellency to take action as immediately as possible on the following issues: 1) Stopping the . . . offensive and opening the way for talks between us . . . to arrive at a solution for our people which will at least be face saving. 2) Using whatever influence you have with [your ally] to help our people in this historically tragic and sad moment and at least in such a way that our people and [army] could maintain some livelihood and perform at least partisan activity in [our area] until our problem is also solved within the framework of an [overall] agreement. Mr. Secretary, we are anxiously awaiting your quick response and action and we are certain that the United States will not remain indifferent during these critical and trying

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A CIA cable from the COS to the Director on 22 March 1975 states: "No reply has been received from Secretary of State Henry Kissinger to the message from [the ethnic leader] . . . The two additional messages received by radio from [his] headquarters are forwarded this morning . . . and underscore the seriousness of [their] situation, the acute anxiety of their leaders and their emotional appeal that the USG use its influence with [our ally] to get an extension of the cease fire. This would permit the peaceful passage of . . . refugees to asylum . . . Hence, if the USG intends to take steps to avert a massacre it must intercede with [our ally] promptly." Interview with CIA official, by J. Boos, Oct. 18, 1975, copy on file with Sel. Comm. on Intel.

471 Over 200,000 refugees managed to escape into our ally's country. Once there, however, neither the United States nor our ally extended adequate humanitarian assistance. In fact, our ally was later to forcibly return over 40,000 of the refugees and the United States government refused to admit even one refugee into the United States by way of political asylum even though they qualified for such admittance.

472 The political action program included the distribution of 50,000 campaign-type buttons identifying the wearer as a supporter of Roberto's FNLA.

473 The United States has found itself in similar situations on other occasions. Having supported colonial power policies in previous years, they are constrained from developing a rapport with indigenous independence movements. The Soviets, however, are not similarly inhibited. Once the colonial power relinquishes control, the well-organized, well-financed, Soviet backed group is ready to step into the breach. The United States is forced at that point to scurry around looking for a rival faction or leader to support. The U.S. has often chosen leaders who had a prior relationship with the colonial power and whose nationalist credentials are thus somewhat suspect, or leaders who have spent most of their time outside the country waiting for the colonial power to depart. The point is that many of the U.S.-backed groups begin with a variety of factors working to their disadvantage.

477 The task force was composed of African experts within the Department of State, DoD officials, CIA officials, and others. Officials from the Department of State have told this Committee that the majority of that task force recommended diplomatic efforts to encourage a political settlement rather than intervention. After they had prepared their report for the Secretary of State containing this recommendation, they were informed by National Security Council aides that it was improper for them to make a recommendation on policy. Instead, they were instructed to simply list diplomatic efforts as one option among many in their final report. Thus, the African experts who made up the task force were not allowed to place their recommendations on paper to be reviewed by the Forty Committee.

481 The Committee attempted to determine the difference between the three contesting factions in Angola. Mr. Colby responded to questions of that nature: "They are all independents. They are all for black Africa. They are all for some fuzzy kind of social system, you know, without really much articulation, but some sort of let's not be exploited by the capitalist nations." The Committee also attempted to discern why certain nations were supporting different groups if they were all similar in outlook:

"MR. ASPIN. And why are the Chinese backing the moderate group?"

"MR. COLBY. Because the Soviets are backing the MPLA is the simplest answer.

"MR. ASPIN. It sounds like that is why we are doing it.

"MR. COLBY. It is."

2. Intelligence Collection

Human and diplomatic risks are not confined to covert action. Certain methods of intelligence-gathering invite the same danger of war and infringement of the Constitutional rights of Americans.

The Committee has examined both technical and non-technical intelligence-gathering programs and has concluded that the risks accompanying them are often unacceptably great; that information obtained often does not justify the risk; the policy-makers have been insensitive to dangers, especially of the violation of U.S. citizens' rights; and, that there are inadequate policy-level mechanisms for the regular review of risk assessment.

a. Submarines

A highly technical U.S. Navy submarine reconnaissance program, often operating within unfriendly waters, has experienced at least 9 collisions with

hostile vessels in the last ten years, over 110 possible detections, and at least three press exposures. Most of the submarines carry nuclear weapons.

The program clearly produces useful information on our adversaries' training exercises, weapons testing, and general naval capabilities. It is also clear, however, that the program is inherently risky. Committee staff's review of the program suggests if both Congress and the Department of the Navy were sufficiently motivated to provide the funds, technical capabilities could be developed which would make possible the acquisition of the same data through less hazardous means.

The Navy's own justification of the program as a "low risk" venture is inaccurate, and has, therefore, not met or resolved the Committee's misgivings.⁴⁸⁷ Documents provided the Committee by the Defense Department indicate that, while risk assessments are made prior to operations, they are ritualistic and pro forma. In fact, their mission risk assessments do not vary despite constant changes in political conditions, information sought, distance from enemy shores and hostile forces, and our adversaries' ability to detect the presence of U.S. submarines. During the hundreds of missions these submarines have conducted, the Navy has never assessed military risk as anything but "low." The Committee is, therefore, troubled by the completely pro forma nature of the mission risk assessment as it is presently accomplished.

Just as the Navy's assurances that the program is secure are inconsistent with the collisions, apparent detections, and press stories, their claims that the sensitive missions are closely monitored are belied by the scant tactical guidance given commanders, and regular communications gaps. Once a U.S. submarine enters the 12-mile limit of another nation, communications security and the lack of certain technical capabilities make it impossible to independently verify the location of a submarine at any given moment. Many of these difficulties result from factors which are inherent in the nature of this covert operation.

Naval inquiries into collisions and other "unfortunate incidents," if held at all, are almost always conducted at a low level, effectively keeping policy-makers in the dark on changing operational conditions. Thus, it took a field-initiated, low-level investigation, conducted after three collisions in 1970, to determine that pre-mission training and operational guidelines for U.S. submarines on this type of sensitive mission needed revision and up-grading. If Washington-based review had been adequate, it would not have taken this field investigation to determine that U.S. submarines were following other submarines too closely. In addition, staff found no evidence which would indicate that commanders of submarines colliding with hostile vessels have ever received disciplinary action of any kind. At times, commanders have escaped censure despite recommendations to that effect by a review panel.

Despite these faults, the Committee noted the procedures implemented by the Navy to insure the safety of the mission and the crew in situations which are inherently risky. Washington-based control, review, and coordination of this program has been an evolutionary matter over the years. As present it appears to be extremely well managed, with the exception of the risk assessment area and the failure to forward the results of low-level investigations for Washington-based review.

In reviewing past investigations and formal reviews, the Committee noted the Navy's implementation of previous suggestions for change. There is, however, one unfortunate exception: A previous review of this program suggested that the Department of the Navy make a firm commitment to the necessity of maintaining an intelligence capability with U.S. submarines by allocating funds to research and development efforts designed to increase both the capabilities and the security of their missions. The Navy has paid only lip service to this commitment.

Given these factors, the Committee urges a thorough review of the program's product and hazards, to avert another *Pueblo*, or worse, and to insure that important intelligence collection continues with significantly less risk than presently exists.

b. Interception of International Communications

The National Security Agency (NSA) systematically intercepts international communications, both voice and cable. NSA officials and the Director of Central Intelligence concede that messages to and from American citizens and businesses have been picked up in the course of gathering foreign communications intelligence. They maintain, however, that these messages are small in number and usually discarded in any case.⁴⁹³

Earlier NSA programs of questionable legality

focused on international narcotics traffic and racialism, and even targeted Americans. The Committee's preliminary investigation reveals at least one new area of non-political and non-military emphasis in international intercept—economic intelligence. Communications interception in this area has rapidly developed since 1972, partly in reaction to the Arab oil embargo and the failure to obtain good information on Russian grain production and negotiations for the purchase with American corporations.

The Committee is not convinced that the current commercial intercept program has yielded sufficiently valuable data to justify its high cost and intrusion, however inadvertent, into the privacy of international communications of U.S. citizens and organizations. Inasmuch as the technical complexity of the program defies easy or quick evaluation, the Committee is hopeful that a permanent oversight mechanism will closely and comprehensively scrutinize the operation to determine whether the risks are necessary and acceptable.

c. Manipulation of the Media

The free flow of information, vital to a responsible and credible press, has been threatened as a result of CIA's use of the world media for cover and for clandestine information-gathering.

There are disturbing indications that the accuracy of many news stories has been undermined as well. Information supplied to the Committee suggests that some planted, falsified articles have reached readers in the U.S.⁴⁹⁵

Intelligence agencies have long prized journalists as informants and identity covers. Newsmen generally enjoy great mobility, and are often admitted to areas denied to ordinary businessmen or to suspected intelligence types. Not expected to work in one fixed location, both bona fide journalists and masquerading intelligence officers can move about without arousing suspicions. They also have extraordinary access to important foreign leaders and diplomats.

CIA, as no doubt every other major intelligence agency in the world, has manipulated the media: Full-time foreign correspondents for major U.S. publications have worked concurrently for CIA, passing along information received in the normal course of their regular jobs and even, on occasion, travelling to otherwise non-newsworthy areas to acquire data. Far more prevalent is the Agency's practice of retaining free-lancers and "stringers" as informants. A stringer working in a less-newsworthy country could supply stories to a newspaper, radio, and a weekly magazine, none of whom can justify a full-time correspondent. This may make the use of stringers even more insidious than exploitation of full-time journalists.

The Committee has learned that the employment of newsmen by CIA is usually without the knowledge or agreement of the employers back in the U.S. Publishers have been unable, despite strenuous effort, to learn from the Agency which, if any, of their employees have had a clandestine intelligence function.⁴⁹⁶ Newsmen-informants apparently do not often disclose this relationship to their editors. The Committee has learned of cases in which informants moved from one bona fide press position to another, without ever making employers aware of their past or present CIA status.

CIA acknowledges that "stringers" and others with whom the Agency has a relationship are often directed to insert Agency-composed "news" articles into foreign publications and wire services. U.S. intelligence officials do not rule out the possibility that these planted stories may find their way into American newspapers from time to time, but insist that CIA does not intentionally propagandize in this country. CIA insensitivity to the possibility of its adulterating news digested by Americans is indicated by its frequent manipulation of Reuters wire service dispatches—which regularly appear in U.S. media. Because Reuters is British, it is considered fair game.⁴⁹⁹

A number of CIA officers employed by U.S. and foreign publications write nothing at all. Their journalistic affiliation is a "cover"—a sham arrangement making possible full-time clandestine work for the Agency. With these arrangements, the employer's cooperation has been obtained.⁵⁰⁰

After the Washington *Star-News* discovered a CIA-media relationship in 1973, Director Colby ordered a review of these practices. Subsequently, the Agency terminated the informant relationships of five full-time employees of American periodicals. Stringers and free-lancers are still on the payroll, despite their periodic reporting for a U.S. media usually unaware of the writer's CIA connection.⁵⁰¹

The use of American press enterprises as a cover has been tightened somewhat. No longer, for example, can a CIA officer in the field arrange for cover without headquarters approval.

Director Colby, citing the Agency's continuing need for reliable information and the increasing reluctance of private firms and the government to provide cover, has maintained that the recent reforms have reduced risks to an acceptable level.

d: CIA Presence in the Executive Branch

CIA personnel may be found in a host of U.S. departments and agencies, in the National Security Council, and in the White House itself.

Typically, their Agency affiliations are unknown to colleagues and to all others, except one or two leadership figures.⁵⁰³ They sit on interagency panels whose members are unwitting.⁵⁰⁴ In some cases these panels already include another, official, CIA representative, giving CIA undue representation.⁵⁰⁵ Some of them work in positions involving evaluation of CIA's work product and proposals.⁵⁰⁶

These individuals are "detailees"—CIA employees on loan to the Executive, usually at the latter's request. They include all types, from gardeners and typists, to intelligence analysts and practitioners of covert action.⁵⁰⁷

Detailees are requested for a variety of reasons—because the White House wants to circumvent Congressional budget ceilings, because there are no other available secretaries with security clearances, because CIA professional expertise is highly regarded, or because the position had always been staffed by an Agency officer.⁵⁰⁸

The Committee has found no indications that CIA detailees are instructed to make clandestine reports to headquarters on the inner workings of the host employer. Nor is there credible evidence that they are asked by CIA to perform in any manner which is inconsistent with the best interests of the host. Nonetheless, the Committee believes that detailing as presently practiced reflects an unwise policy.

At best, intelligence personnel such as electrical help are diverted from CIA duties thus frustrating the budget allocating intent of Congress. A far worse spectre is that of CIA officers assigned to such posts as the National Security Council where they are susceptible, despite all good intentions, to substantial conflicts of interest on the most sensitive issues. The latter problem is compounded by the fact that the detailer's background often is unknown to NSC colleagues who are also charged with CIA-related responsibilities.⁵⁰⁹

The Committee discovered detailees, whose Agency ties were closely held secrets, making recommendations on CIA covert action proposals to unwitting senior NSC officials. Such individuals also help conduct the NSC's evaluation of the intelligence product, and in that capacity regularly compare CIA's performance with that of rival agencies.

These individuals have impressed staff as highly motivated professionals, acutely aware of the problems resulting from divided loyalties. Their integrity is not at issue. But neither the White House nor the CIA is well served by an unnecessary policy which invites cynicism and compromises the quality of Executive Branch oversight of the intelligence community.

e. CIA Relationship with U.S. and Foreign Police

In creating the CIA, Congress clearly intended to deny it any domestic police functions. Their fear that a super-secret, bureaucratically powerful spy agency might evolve into a domestic secret police, has not been realized, despite shortcomings in control and oversight.

Evidence in Committee files, however, indicates that during the late 1960's and early 1970's, CIA allowed itself to become involved in domestic police activity. In addition, the Agency undertook other police assistance activities which jeopardized the integrity of an otherwise legitimate and useful U.S. foreign aid program.

Association and Collaboration with U.S. Police

Notwithstanding its charter's clear prohibition against internal security functions, CIA has maintained relationships—many entirely appropriate—with various Federal, state and local law enforcement agencies. Questionable activities prior to the Holtzman Amendment to the Omnibus Crime Control and Safe Streets Acts of 1968, included the training by CIA of domestic police and loans of Agency equipment for domestic use. In return, local police departments cooperate with CIA on matters of concern to the Agency's Office of Security. Both activities appear to have been improper. The first violated the charter's ban on domestic police functions, and the latter tended

to circumvent jurisdiction of the FBI and the Department of Justice.

Of those activities, CIA's role as a source of ordinary as well as exotic equipment is perhaps the most troubling and publicized. The Agency has loaned such traditional gear as body protectors, billy clubs, mace, and similar civil disturbance paraphernalia. Most of the equipment was provided during the height of the Vietnam War movement and may have been used by local police during the May 1971 demonstrations in Washington.

More exotic loans consisted of decoders, clandestine transmitters, analyzers, and other wiretapping devices.

A staff examination of these practices reveals that CIA officials usually provided equipment on a no-questions-asked basis, did not require the production of court orders for eavesdropping gear, and exercised virtually no control over the loaned items.

The record suggests that on one occasion, CIA loaned equipment was used in an illegal wiretap. In June, 1971, Mr. Kenyon F. Ballew was severely wounded during a raid on his apartment by agents of the Division of Alcohol, Tobacco and Firearms, supported by police from Montgomery and Prince Georges Counties in Maryland.

The raid was conducted pursuant to a Federal search warrant for possession of suspected firearms and hand grenades. Plainclothes agents and police officers broke down the door to the apartment when Mr. Ballew failed to answer their knock. Mr. Ballew, a gun collector, picked up a pistol, was shot, and is now permanently disabled. He is partially paralyzed, walks only with the aid of a brace and cane, speaks with difficulty, and still has the police bullet lodged in his brain.

Mr. Ballew was never prosecuted for any gun control violations. The case received a large amount of publicity and was the subject of a number of investigations of alleged police misconduct. Mr. Ballew brought suit pursuant to the Federal Tort Claims Act and received an adverse judgment from the courts in February, 1975.

A CIA Office of Security employee assigned to liaison with the Montgomery County Police Department told staff that, in a conversation with a police inspector on the Ballew case, the possible use of CIA loaned bugging equipment was revealed. He was advised that police intercepted a telephone conversation in which plans were outlined to "kill a cop." However, neither the affidavit in support of the search warrant, the subsequent investigations, nor the transcript of the civil suit reflected the existence of any wiretap. Mr. Ballew's case is now on appeal, and if there had been an illegal wiretap, he may be entitled to a new trial. While the Department of Justice's CIA Task Force has been made aware of this possible wiretap for months, it has apparently refused both to act upon it,⁵¹⁷ and to notify the attorneys in the case.

CIA Involvement with Foreign Police

From the early 1950's until late 1973, CIA operated a proprietary, International Police Services (IPS), in the Washington, D.C. area. It had the dual purpose of improving allies' internal security, and evaluating foreign cadets for pro-U.S. orientation, which might later enable CIA to recruit them as intelligence assets.

In the early 1960's the Agency for International Development's Office of Public Safety (AID-OPS) became actively involved in foreign police training. OPS' 14 week course was augmented by an additional four weeks of training at IPS, pursuant to a contractual arrangement with AID. Students were not made aware that they were being trained at a CIA facility, and only a handful of AID officials, including the Director of OPS, knew of IPS' CIA status.

Instructors were asked to record names of students who demonstrated a pro-American attitude. It does not appear, however, that the CIA attempted to recruit students while in the United States, although CIA documents indicate that with the cooperation of OPS, lists of OPS and IPS students were made available, along with biographical information, to CIA components for operational use.

As many as 5,000 foreign police officers from over 100 countries, many of whom have become high officials, unwittingly received training from the CIA. The position of these foreign police officers may have been damaged when, in 1973, IPS was revealed as a CIA front.

In addition to damaging the credibility of these foreign police officers, CIA's apparently unnecessary involvement with a legitimate foreign aid program could have seriously undermined that program from a propaganda standpoint.⁵²³ Despite these realities, AID-OPS continued its relationship with IPS until late 1973. Department of State and AID officials should review these practices and develop alternative methods of administering foreign aid programs without CIA involvement and support.

Footnotes:

⁴⁸⁷Each monthly mission schedule forwarded to the Joint Chiefs of Staff and the Forty Committee for approval has an alpha-numeric designator attached for mission risk assessment. By far, the most frequently assigned is "4 A 4"; the first digit, "4", stands for "low military risk"; the second alpha character, "A", stands for "high intelligence value" and the third digit, "4", stands for "low political risk." No mission has ever been assessed a military risk factor other than "low." This evaluation is belied not only by the nine collisions, 110 possible detections, constantly fluctuating factors which should impact on the calculations of military risk such as presence of enemy forces in the area, distance from enemy shores, political conditions, etc., but also by a variety of statements by Navy personnel who have conducted studies on this program.

⁴⁹³Comm. Hearings.

"MR. ASPIN. Does the National Security Agency monitor telephone calls between American citizens and foreigners abroad?"

"MR. COLBY: The Agency does monitor foreign communications.

"MR. ASPIN. Does it involve a U.S. citizen at one end?"

"MR. COLBY. On some occasions, that cannot be separated from the traffic that is being monitored. It is technologically impossible to separate them.

"MR. GLAIMO: Obviously, we know that in other countries you undoubtedly perform all kinds of intercepts.

"MR. COLBY: Incidentally, we pick up material about Americans abroad; yes.

"MR. GLAIMO: That is the point I am trying to get at. Did you say that incidentally you are also intercepting American citizens?"

"MR. COLBY: I did not want to say that we never, never covered any American citizens abroad. If I have made a mistake in what I said, that we were not that we incidentally cover Americans in our foreign intelligence activities.

"MR. GLAIMO: You incidentally cover Americans where?"

"MR. COLBY. I say we do incidentally cover Americans. I would like to get into a further description of this in executive session."

Ibid.

"Chairman: PIKE. Does your system intercept the telephone calls of American citizens?"

"Gen. ALLEN. I believe that I can give a satisfactory answer to that question which will relieve the Committee's concern on that matter in closed session."

Although the Committee met for some four hours in Executive Session to take testimony from NSA Director Allen and Deputy Director Benson, K. B. Buffham, primarily concerning the interception of international commercial communications, Gen. Allen apparently felt it necessary to clarify and elucidate that testimony in a follow-up letter to Chairman Pike on August 25, 1975.

"Dear Mr. Chairman:

"I am writing to provide additional clarification to the testimony I gave before your Committee on 8 August.

"At the present time, the telephone calls of U.S. citizens in the United States to a foreign location are not being monitored. The monitoring of telephone conversations of United States citizens in the United States to a location in the United States has never been authorized by NSA. Currently, we are not now monitoring any telephone circuits terminating in the United States.

"For several years prior to mid-1973, a few international radio-telephone circuits were monitored between the United States and foreign countries. This monitoring did include the calls of U.S. citizens as well as foreign nationals, and calls were sometimes selected for monitoring based on the name (or phone number) of a U.S. citizen provided us by another government agency. In the summer of 1973, the use of the names of U.S. citizens to select telephone calls was terminated and remains so.

"From mid 1973 until recently a search of our records reveals there were occasions where radio-telephone circuits between a foreign terminal and a U.S. terminal were monitored. On some occasions the monitoring was for the purpose of developing patterns of foreign communications use and, on yet other occasions, the monitoring was based on the foreign subscriber and the substance of the conversation was obtained. Our records indicate that in all of 1974, reports were made involving the substance of only eight telephone conversations, wherein a U.S. citizen might be presumed to have been conversing, and in these instances, only the foreign intelligence aspects of the conversation were reported, and the names of U.S. citizens were never used in these NSA reports.

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This number may be compared with reports involving (a vast number of) other foreign communications carried on international circuits.

"The executive directives applying to these efforts state: a. The purpose of the signals intelligence activities of the National Security Agency is to obtain foreign intelligence from foreign communications or foreign electronic signals. b. Foreign communications exclude communications between or among American citizens or entities.

"I hope this letter will help clarify the matter."
/s/ Lew Allen, Jr., Lieutenant General, USAF, Director, NSA/Chief, CSS.

⁴⁹⁵William E. Colby, Director of Central Intelligence, told members of the Committee staff at an October 25, 1975 meeting, that the Agency plants propaganda in the foreign press, including English-language newspapers, and can not be inhibited by the possibility that these planted stories may be picked up by American news services, etc.

⁴⁹⁸The Deputy Director of Operations at the CIA explained that the Agency wants as few people as possible to know the Agency's sources. Therefore, the CIA considers "stringers" and free-lancers to be free agents, working for many employers and so there is no necessity for the CIA to inform a "stringer's" or free-lancer's publisher of his other employer (CIA). Committee staff meeting on October 25, 1975.

⁴⁹⁹An ex-CIA Chief of Station explained that our American media assets... are given neither Agency guidance nor information which might influence a piece written for an American audience. These people are used entirely for intelligence gathering purposes, and are left free to write what they would have written had there been no connection with the Agency.

This method is quite different from our handling of foreign media assets, writing for foreign audiences, where Agency influence over the content of certain articles is selectively applied." He further states, "CIA will undertake no activity in which there is a risk of influencing domestic public opinion either directly or indirectly." But he turns around in the next sentence to say: "The Agency does have a responsibility for undertaking certain propaganda activities in foreign countries." Director Colby emphatically stated on October 25, 1975 to members of the Committee staff and Congressman Johnson that he "differentiates between AP and Reuters. I consider AP to be an American wire service and therefore off limits but Reuters is a foreign wire service." It was pointed out to Director Colby that Reuters, a British wire service, was frequently used by American media, but this fact did not change his mind. In an effort to assure that official Washington is not deceived by planted articles in the foreign press, CIA maintains high-level liaison with the Department of State and the U.S. Information Agency to identify spurious stories.

⁵⁰⁰The CIA's Cover and Commercial staff files show that in 1975 11 CIA employees used media cover with 15 news field companies—TV, radio, newspapers, and magazines. Five of these are of major general news impact, nine of no major general news influence, and one a proprietary.

⁵⁰¹When the CIA had fiduciary relations with five full-time correspondents of major American news organizations, three of their employers were unwitting, according to William E. Colby.

⁵⁰²At the National Security Council, there are four CIA employees working as professional staff. Three of them are overt employees of the CIA, open employees. The fourth is an undercover employee, one who does not acknowledge the CIA as his true employer. Ironically, through committee staff interviews, the undercover employee was the only CIA detailee readily identified by his colleagues or subordinates.

⁵⁰⁴[Name deleted] sits on the Interagency Classification Review Committee (ICRC), representing the National Security Council staff, although he is actually detailed to the NSC staff from the CIA. The CIA also has a representative on the ICRC. [Name deleted] told the Committee staff that he does not tell other ICRC members of his true affiliation. The man who preceded [Name deleted] at the NSC was [Name deleted]. He also sat on the ICRC representing the NSC. And he was also a CIA detailee. Further, he was a key NSC staffer, but the only people at the NSC who knew that he was from the CIA were Dr. Kissinger and Alexander Haig.

⁵⁰⁵This Interagency Classification Review Committee rules on questions of declassification from the Executive branch agencies. These questions come up as a result of Freedom of Information Act (FOI) requests. If an FOI request is initially denied, the requester may appeal to the head of the Agency, and if that appeal is denied, he may appeal to the ICRC. Many of these declassification cases involve the CIA.

⁵⁰⁶The man who directed Operations CHAOS at the CIA is now detailed to the NSC staff as Director for Intelligence Coordination of the NSC staff. His

task is to evaluate the quality of intelligence sent to the NSC, including intelligence from his regular employer, the CIA. He maintains close contact with the CIA as part of his job.

⁵⁰⁷There are, or have been, CIA detailees working at the White House (including the Federal Executive Institute, Cabinet Committee on Price Stability, White House Joint Committee on Science, Office of Emergency Preparedness, Council on International Economic Policy and President's Foreign Intelligence Advisory Board), the Department of Justice and the Bureau of Narcotics and Dangerous Drugs, the State Department and the Agency for International Development, the Treasury Department, the Defense Department and the Defense Intelligence Agency, the Federal Aviation Administration, the Federal Energy Administration, the Vice President's Office, the National Security Council and the Commerce Department.

The CIA details cover: communications technicians; biographic analysts; general illustrators; secretaries, clerks, couriers, laborers, telephone operators; graphic analysts; personal assistants; physical scientist; intelligence officers; operations officers; economists; administrators assistants; program analysts; chauffeurs, sky marshals, and stenographers.

⁵⁰⁸The White House used CIA detailees to keep the total number of staff down, in contravention of Congressional appropriation staff ceilings. The NSC staff



Secretary Kissinger before the Pike Committee. His comments were "at variance" with the facts.

"borrows" secretaries initially from the CIA, until their secretaries get clearances, but in many cases, the CIA secretaries stay at the NSC for years. Many executive branches, such as the Department of the Treasury, use CIA professionals as advisors to Secretaries, etc. And finally, the NSC staffer responsible for covert action proposals and approvals is almost always from the CIA's Directorate of Operations, which requests the covert actions. He has sole custody of all the Forty Committee's records.

⁵⁰⁹See previous note on a key staffer at the NSC who made recommendations on policy options. He, therefore, was called upon to make these recommendations on CIA policies to people who did not know of his current CIA affiliation.

⁵¹⁷The Agency's position in this case is that the Agency was not involved beyond the loan of audio equipment, which may have been used against Mr. Ballew.

⁵²³For example, the AID-OPS program was damaged considerably by allegations linking foreign police training to the CIA. In 1970, Dan Mitrone, a law enforcement officer of impeccable credentials and reputation, employed by AID as a Public Safety Advisor in Uruguay, was kidnapped and murdered by Tupamaro guerrillas. The Tupamaros alleged that Mitrone was a CIA "agent" and that Public Safety Advisors including Mitrone taught torture tactics to police. CIA documents indicate that although Mitrone may have had some contact with CIA officers stationed in Uruguay, he was not a CIA employee or informant. ... Allegations of AID-OPS sponsored torture training, depicted in various press reports and the film "State of Siege," appear factually unsupported. However, this type of allegation had a tremendous propaganda impact which contributed substantially to the termination of AID-OPS in 1975.

3. Domestic Intelligence Investigations

Domestic intelligence carries with it two distinct types of risks. There are programs that by their very nature and method offend individual liberties and statutory rights. Then there are legitimate intelligence methods that are improperly applied, turning the law-enforcers into law-breakers.

a. Programs as Abuses

COINTELPRO was a series of covert counterintelligence programs aimed at identifying, penetrating, and neutralizing subversive elements in the United States. The program itself consisted of myriad clandestine dirty tricks carried out by FBI agents against persons and organizations considered subversive by the FBI.⁵²⁵ Careers were ruined, friendships severed, reputations sullied, businesses bankrupted and, in some cases, lives endangered.⁵²⁶

The FBI justified this aberration from traditional law enforcement programs by stating that it was dictated by the mood of the times. The FBI, as implementors of the program, thereby became the barometer of the country's mood, instead of fulfilling their statutory function of enforcing Federal laws.⁵²⁷ Evidence received by the Committee of FBI racism,⁵²⁸ bias, and strong conservative ideology hardly qualifies it to review people's politics. Moreover, the Constitution prohibits such a role and protects the very things FBI was attempting to punish.

COINTELPRO is only one example. Another would be programs grouped under "anticipatory" intelligence.

FBI states: "Because the FBI's investigative responsibilities follow the contours of those entrusted to the Attorney General, the Bureau's domestic intelligence investigations are, of necessity, broader than investigations strictly designed to collect evidence for criminal proceedings. The FBI's domestic intelligence responsibilities have a distinct anticipatory, or preventive, purpose, requiring continuing investigative activity in cases wherein criminal conduct remains a future possibility. Whereas the evidence required to initiate an investigation under such a standard would obviously be something less than probable cause of a crime,⁵²⁹ it would nevertheless be more than mere suspicion. The FBI itself states that advocacy of an ideology alone is not sufficient grounds for classifying a group as subversive.

Anticipatory domestic intelligence projects, however, do create serious problems on occasion. A few examples illustrate the point.

Lori Paton testified before the Committee on November 18, 1975. In 1974, Miss Paton, then a high school student, inadvertently wrote the Socialist Workers Party as an academic assignment. She intended to write to the Socialist Labor Party.

The FBI was conducting a "mail cover"⁵³² on the SWP and intercepted Miss Paton's misdirected letter. They immediately began an investigation of her, and the attendant publicity in Miss Paton's small town caused her great mental anguish.

The Bureau's response was that the "FBI did not publicize the fact" of Lori Paton's investigation, although they had interviewed her school principal and the local police chief.

Assume, however, that Miss Paton had correctly written to the SWP, as many people undoubtedly have. That fact alone would apparently have been grounds for an anticipatory investigation, even though it is hard to imagine what crimes could be anticipated by writing a letter. In addition, the chilling effect such investigations have on First Amendment rights, including freedom of association, is painfully clear.⁵³⁴

For those who do join SWP, the chill is likely to spread to employers. The Committee heard from one witness who termed FBI's inquiries about his employee, Bruce Bloy, who was an SWP member, as "presumptive, mysterious, and... aggressive."

Trash covers are another odious form of anticipatory investigations. The IPS trash cover has already been discussed, save for a comment on command and control. When FBI personnel were originally asked about trash covers by Committee staff, they stated: "we have not engaged in [trash covers] since July 1966. We had no trash covers on the IPS." Two weeks later, at a Committee hearing, they corrected themselves. They stated that, while there was an FBI policy of not conducting trash covers, that policy was not always followed.

Two memoranda show that the Bureau knew of the trash covers and recognized the risks in such a method. The concerns? The "potential harm to the FBI and the Federal Government, per se; far outweigh the potential information that could be expected."⁵³⁹ It was not risks to an individual's right of privacy that concerned the FBI.

b. Law Enforcement Turned Law-Breaking

The use of informants, albeit an effective law enforcement tool, is a method of investigation which is particularly subject to abuses of Constitutional rights and rights of privacy.

The Committee heard testimony from a former FBI informant named Robert Hardy. Mr. Hardy chronicled for the Committee his role in a 1971 Camden Draft Board break-in. Pursuant to FBI instructions, he infiltrated a peaceful anti-war group in Camden, New Jersey.⁵⁴⁰ He instigated the burglary and supplied the would-be burglars with tools, money, technical assistance and encouragement.⁵⁴¹

In sum, Mr. Hardy acted as an "agent-provocateur." At one point, he attempted to halt the actual burglary, because a conspiracy had been established. His FBI handling-agents insisted that the burglary be committed.⁵⁴²

The disturbing lesson is that in the FBI system there is virtually no mechanism to control agents in charge of informants. The FBI Manual of Instructions on Informants sets forth specific guidelines for the handling of informants, yet the uniqueness and secrecy surrounding each informant's relationship with the handling-agent impairs the effectiveness of those instructions.

In the Hardy case, the informant-agent relationship was further complicated by political considerations. The defendants in a celebrated case in nearby Harrisburg, Pennsylvania, had recently been acquitted of all conspiracy counts. The FBI apparently felt that an overt act such as an actual break-in would be required to insure a conviction, even though the alleged crime of conspiracy, which was the basis of later prosecution, appears to have been completed far in advance of the actual break-in.

It should be noted that Department of Justice attorneys were advised of this situation long before the break-in and did nothing to avert the course of events.

The Committee investigated another example of lack of control over informants. The FBI used Robert Merritt as an informant on New Left activities during the early 1970's. His duties included reporting on activities at the Institute of Policy Studies. Merritt told the Committee that his FBI handling-agents instructed him to conduct break-ins, deliver unopened mail acquired illegally, and solicit and provide information to the FBI regarding homosexual proclivities of politically prominent people and individuals of the New Left.

The FBI agents who handled Merritt denied these allegations under oath. They stated that Merritt acted on his own.

The handling-agents stated that they terminated Merritt because they ascertained that he had provided false information on one occasion and had reason to believe he provided false information at other times in the past. If this was true, it does not fit with other facts. During the seven months that Merritt was an FBI informant, he provided over 100 reports on at least 25 people. He had, in fact, been categorized as "reliable" in FBI records.

No effort was ever made to "correct" the Merritt reports, by indicating that the information contained therein might be unreliable. No prosecutive actions were ever recommended as a result of Merritt's allegedly wrong actions. His efforts apparently fit well with intelligence operations.

Furthermore, Merritt told staff that he had committed numerous illegal acts at the direction of District of Columbia Metropolitan Police.

His FBI handling-agents stated that although they acquired Merritt from the Metropolitan Police Department, they never inquired as to the nature of his prior activities as a police informant. This attitude of "see no evil, hear no evil" appears to violate the seemingly rigid regulations of the FBI Manual, designed to effect the recruitment of responsible and reliable informants.

Conflicting testimony in the Merritt matter reveals the problem itself. Since FBI agents' instructions to their informants are, by necessity, given orally and without witnesses, it is difficult, if not impossible, to accurately fix responsibility for an informant's actions.

If the FBI agent is at fault, the problem becomes one of administrative command and control. If, however, the informant has gone bad, the problem is more difficult. For example, if an informant successfully instigates others to commit a crime, as in the Hardy matter, his FBI contact agent may overlook the informant's improper actions, because the informant is important to a case for which the FBI agent is likely to receive credit.

The risk that informants may use illegal methods is heightened when one considers the kind of person needed to infiltrate suspected criminal elements. Understating the problem, James Adams, Assistant to the Director of FBI, testified before the Committee on November 18, 1975: "[T]he informants you develop

are not recruited from Sunday Schools." The dubious character of most informants is compounded by the fact that informants are paid cash, and their payment is commensurate with the information they furnish. The more incriminating the information, the more lucrative the reward.

Electronic Surveillance—The Kissinger Wiretaps

In the last half-century, electronic technology has revolutionized the science of investigations. These developments also mean that "Big Brother" may be watching.

Improper application of electronic surveillance poses obvious risks because of its enormous potential for invading privacy and the difficulty of detecting intrusion.

Some examples follow.

In the spring of 1969, the Nixon White House was disturbed that extremely sensitive information regarding diplomatic relations and national security was leaking to the press on a fairly regular basis.

On May 9, 1969, William Beecher of the New York Times wrote an article on Cambodia which triggered a strong reaction from the White House. That day, a series of telephone calls to ascertain the source of the leaks took place. The calls were between Dr. Kissinger and J. Edgar Hoover, and between Colonel Alexander Haig and FBI personnel.

The apparent result of these consultations was the installation of a wiretap on the residence of a National Security Council staff on May 9, 1969. Significantly, approval for this "national security" wiretap was not requested until May 10, 1969. The wiretap was requested by Col. Haig "on the highest authority," and was not approved by Attorney General John Mitchell until May 12, 1969.

Seventeen persons were eventually wiretapped pursuant to this program.

Although the FBI never overheard information indicating any breach of national security, the taps continued for lengthy periods of time.

No approval was ever sought for extensions of the wiretaps as they continued unabated and unsupervised. In addition, the FBI continued to report information which can only be characterized as political or personal.

William C. Sullivan, former Chief of Intelligence for the FBI, told staff that FBI Director J. Edgar Hoover did not regard these taps as FBI operations, but as executive requests. According to Mr. Sullivan, Hoover insisted on sending copies of the transcripts directly to the White House, so the President would be apprised of the "service" FBI was providing.

Several risks were inherent in the FBI's national security wiretaps installed for Dr. Kissinger.

The first involved wiretapping United States citizens without prior judicial approval. These dangers were recognized by the Supreme Court in 1972. The Court held that electronic surveillance of domestic organizations or citizens was forbidden unless prior judicial approval was obtained.

Secondly, wiretapping State Department officials and members of the press, tends to stifle voices of criticism and dissenting views, and infringes upon freedom of the press.

Finally, the Kissinger wiretaps posed a risk that the FBI could become the tool by which an Administration in power obtains political information.

The Houston Episode

On October 9, 1975, Anthony Zavala, a former narcotics officer with the Houston Police Department who had been sentenced to three years' imprisonment on wiretap convictions, told the Committee of widespread illegal police wiretapping in Houston, Texas, from 1969 through 1972.

Mr. Zavala recounted that wiretapping had become "second nature to us all," and that it was all discussed freely, and that everyone knew what was going on.

In 1973, Anthony J. P. Farris, United States Attorney for the Southern District of Texas, learned of allegations of wiretapping. He brought this information to the attention of the FBI in the fall of 1973, and requested that the Bureau investigate.

They did not. His requests continued. Finally, in April 1974, the FBI assigned one special agent to investigate the case. He filed reports, which according to Farris were "... notable only in their lack of substance, consisting largely of Xeroxed newspaper articles."⁵⁷²

Footnotes:

⁵²⁵The primary programs were the Communist Party, U.S.A. program (commenced in 1956), the Socialist Workers Party program (commenced in 1961), the White Extremist program (commenced in 1964), the Black Extremist program (commenced in 1967), and the New Left Domestic program (commenced in 1968). Lesser programs were the Puerto Rican Bomber program (1966), Operation Hoodwink

(1966) (a program pitting the Mafia against the Communist Party), Operation Border Coverage (1961), the Cuban program (1961) and the Yugoslav program (1969). All COINTELPRO programs terminated after their existence was discovered following the burglary of the FBI office in Media, Pa. on April 27, 1971. Staff COINTELPRO briefing between W. Raymond Wannall, Assistant Director of the FBI in charge of the Intelligence Division and J.B.F. Oliphant and R. Vermeire, at FBI headquarters, Aug. 22, 1975, copy on file with Sel. Comm. on Intell.

⁵²⁶The following are but a few examples of specific COINTELPRO programs, of which there were a total of 3,247 proposed and 2,370 carried out:

In 1969, the FBI authorized an agent to send anonymous letters to the superior of Father Augustus Taylor, Jr., a Catholic priest, complaining of Father Taylor's speaking out on his television show against the war in Vietnam and of his public support of certain black organizations. Father Taylor's television show was subsequently cancelled and he was transferred. FBI COINTELPRO memoranda.

In 1968, the FBI authorized interfering with a Mellon Foundation's decision of whether to give Unity Corporation, a black organization in Pittsburgh, Pennsylvania, a \$150,000 grant. The FBI contacted a confidential source within the Mellon Foundation, the grant was denied, and the Unity Corporation subsequently went bankrupt. FBI COINTELPRO Memoranda.

In 1969, the FBI approved furnishing information to a responsible, Harvard University official that a student who was employed by the University was involved in Students for a Democratic Society (SDS) activities. Shortly thereafter, the student lost his job. FBI COINTELPRO Memoranda.

More seriously, one program was carried out wherein an anonymous letter was set to the Black Panther Party accusing one of their members of being a police informant. FBI COINTELPRO Memoranda, 100-448006-2308. Another program authorized sending a threatening letter to Huey Newton purporting to be from a follower of Eldridge Cleaver. FBI COINTELPRO Memoranda.

⁵²⁷MR. VERMEIRE. Why was there such a significant break in investigative techniques in 1973?

MR. WANNALL. Principally because an analysis was made by a predecessor and a determination, I think, that we should be aware, I think as we always have been, of the climate of the times and restructure on a strict statutory basis.

"I think the history of the Bureau, and I would not bore you with details, has been one of responsiveness, an awareness of the climate of the times, and restructuring." Staff Interview with W. Raymond Wannall, FBI Assistant Director in charge of Intelligence Division; Robert L. Shackelford, Section Chief, FBI Intelligence Division, and David Ryan, Supervisor, FBI Intelligence Division, by J.B.F. Oliphant, R. Vermeire, J. Atkinson and E. Miller, Nov. 5, 1975, copy on file with Sel. Comm. on Intell.

⁵²⁸A case in point was the FBI's alleged targeting of Congressman Andrew Young, of Georgia, wherein the FBI requested Arthur Murtagh, a Special Agent, to surreptitiously obtain Congressman Young's personal stationery and handwriting sample. At the time, Congressman Young was a candidate for Congress. Comm. Hearings, testimony of Arthur Murtagh, Nov. 18, 1975.

The FBI denies the aforementioned allegation. Furthermore, Black agents presently comprise approximately 1.2 percent of FBI agent personnel. Comm. Hearings, testimony of W. Raymond Wannall, Nov. 18, 1975.

⁵²⁹The Committee staff attempted to find out what triggered domestic intelligence investigations. The best answer appeared to be:

"MR. VERMEIRE. Investigation with respect to a particular crime?

"MR. SHACKELFORD. Potential crime.

"MR. VERMEIRE. Potential; is there probable cause?

"MR. SHACKELFORD. Of course not."

Probable cause, of course, has been the traditional test for arrest.

⁵³²A mail cover is observing only what appears on the outside of an envelope or parcel, a practice which is carried out, of course, with the cooperation of postal authorities. The technique is perfectly legal.

⁵³⁴The risk may even be intended. As Dean Louis Pollak put it: "When the official investigation long outlives its initially professed justification—that is to say, reasoned suspicion or criminal activity imminent or actually carried out—at that point it is inescapable ... that an important consequence, if not necessarily a purpose, of the continuing investigation will be the imposition of an official stigma on the political or research activity being carried out by the 'subject.'"

⁵³⁹[The Washington Field Office] feels it would be most unwise at this point in time to seriously con-

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sider instituting a similar operation as encompassed by the utilization of this source [the trash cover]. Potential harm to the FBI and the Federal Government, per se, far outweigh the potential information that could be expected from such a reinstated operation." FBI Washington Field Office Memorandum to Headquarters, August 4, 1973.

⁵⁴⁰None of the group's members was known by the FBI to be violence-prone.

⁵⁴¹All of which were paid for with FBI funds.

⁵⁴²The FBI's denial of this allegation appears in their Memorandum of Nov. 28, 1975.

⁵⁴³The complete ineptitude of the FBI investigation of the Houston matter was brought out by Congressman Johnson's questioning of Mr. Farris:

"MR. JOHNSON. Can you tell me why in this case, when you requested information with respect to investigation of other law enforcement agencies—in this case the Houston Police Department—you didn't get any response from anybody who was of real significance?"

"MR. FARRIS. In all other cases they always responded; they always performed admirably; but in this case—the investigation of the allegations of illegal electronic surveillance by the police department in Houston—there was not only reluctance but obvious foot dragging."

"MR. JOHNSON. What was the result of your contacts with Saxbe and Kelley and the others?"

"MR. FARRIS. To quote myself in other hearings, zip; nothing. Saxbe didn't answer; the Deputy Attorney General of the United States didn't answer; the Assistant Attorney General Crime Section didn't answer. No one answered. I don't think they were listening."

"MR. JOHNSON. But you can characterize cooperation they received prior to that time as 'zip'."

"MR. FARRIS. It is not worthy of the name investigation; yes, sir."

"MR. JOHNSON. Once again, this is inconsistent with their response to other requests that you might make for other investigations?"

"MR. FARRIS. That is correct."

4. SALT—Political Control of Intelligence

Nowhere is the risk of corrupting intelligence greater than in recent efforts to restrict and shape important data on Soviet compliance with strategic arms agreements.

Staff investigation and examination of key documents reveal that these SALT treaties, which are of grave strategic significance, were consummated without full intelligence input, that the prime U.S. official who sponsored the accords also effectively controls the verification of their feasibility, and that day-to-day intelligence analysis of compliance is hindered by arbitrary and inconsistent attempts to prevent leaks of SALT data.

The prime factor in this situation is Dr. Kissinger, with his passion for secrecy and his efforts to concentrate power and to consolidate ultimate control of important intelligence functions, through his various bureaucratic roles.

It is clear that, in the final stages of the SALT talks, U.S. negotiators did not fully consult or inform intelligence experts, who had been key figures in previous treaty sessions. Only Russian technical experts were on hand. Dr. Kissinger's private talks with Soviet leaders in this period were not disseminated. Some officials assert that "ambiguities" which plague the accords may have been the result of U.S. policy-makers' self-imposed intelligence blackout at the critical moment.⁵⁷⁵

The record indicates that Dr. Kissinger, U.S. architect of the accords, has attempted to control the dissemination and analysis of data on apparent Soviet violations of the SALT pact.

Although CIA, as the government's principal analytical arm, has both general and specific responsibility for the monitoring of SALT compliance, the Assistant to the President for National Security Affairs has advised the Agency to avoid any written judgments that the Soviets are in violation of SALT agreements. Such findings were to be privately communicated to the National Security Council, which, coincidentally, was headed by Dr. Kissinger.

When sensitive intelligence reports on Soviet compliance began to turn up with regularity, the National Security Council initiated the procedure of severely restricting dissemination of the information, by causing it to be placed in a "hold" status. Typically, the CIA Deputy Director for Intelligence would, in consultation with NSC staff, place an item on "hold" until Dr. Kissinger or his representative agreed to release it.

Two principal reasons have been given for access restrictions: fear of leaks by officials seeking to influence U.S. SALT policy;⁵⁷⁸ and the need for adequate time to determine a report's real significance, thus avoiding rash judgments on complicated technical issues.

This unusual procedure, invoked previously in such momentous situations as the 1962 Cuban missile crisis, has been strangely implemented this time. At times, the Secretary of State, the Director of the Arms Control and Disarmament Agency, and key U.S. officials in SALT compliance meetings with the Soviets have not been aware of the existence of sensitive data suggesting Soviet cheating. Dissemination within several intelligence components has been haphazard and uncontrolled.⁵⁸⁰

Two other problems with the "hold" process detract from the integrity of the intelligence product. NSC staff, for example, has influenced the timing and content of intelligence community publications.⁵⁹⁰ Worse, both high officials and working level analysts have been cut off from information for periods of time ranging from days to six months.⁵⁹¹

Dr. Kissinger's comments on this situation are at variance with the facts.⁵⁹²

The spectre of important information, suggesting Soviet violation of strategic arms limitations, purposefully withheld for extended periods of time from analysts, decision-makers and Members of Congress, has caused great controversy within the Intelligence Community.⁵⁹³ In addition, it has raised questions as to the President's own knowledge of, and concurrence with, the "hold" procedure.⁵⁹⁴

The problem continues, as official fears of leaks and policymakers' penchant for a unified view on SALT goes on. Former State Department Bureau of Intelligence and Research Director Ray S. Cline, in testimony before the Committee, framed the issue: "I do think the Congress should be sure that the procedures for handling of strategic intelligence should have certain checks and balances in them so that there is no possibility of suppression of information that is unattractive to policy makers." Cline concluded: "As I was leaving government, I found these procedures breaking down and that is why I feel that the problem does deserve attention from the Congress."

Footnotes:

⁵⁷⁵Interview with U.S. intelligence officials, J. Boos, Dec. 4, 1975, copy on file with Sel. Comm. on Intell. Admiral Elmo Zumwalt agreed in testimony to the Committee.

⁵⁷⁸Testimony by William Hyland, Dec. 17, 1975: "I think the whole SALT process has been plagued by leaks. Not only have negotiating positions and fallback positions appeared in the press before they could ever be put to the Russians, but the whole issue of compliance has been clouded by a considerable amount of misinformation which has appeared in journals such as *Aviation Week* and the newspapers on what the Soviets have or have not done."

⁵⁸⁰The Assistant Chiefs of Staff for Intelligence told staff they had not received SALT hold items. Interview by E. Sheketoff with Director of Naval Intelligence, and the Assistant Chief of Staff for Intelligence of the Air Force, Dec. 15 & 16, 1975. On the other hand, one "hold" item was given to at least 75 people in CIA alone. Testimony by William Hyland and Edward Proctor, Dec. 17, 1975. DIA informed the Committee that it kept no records on "hold" dissemination and, consequently could not determine just who was authorized to see these sensitive items. Letter to the Committee, Dec. 16, 1975, from office of Thomas Catimer, Department of Defense; testimony by Edward Proctor, Dec. 17, 1975.

Key U.S. officials, like Sidney Graybeal and U. Alexis Johnson of the SALT compliance team, were kept away from some data. Deputy CIA Director Proctor noted: "After talking with General Walters around noon yesterday I called Ray Cline to tell him about the status outlined above. Cline was of course disappointed. He said that he had talked to Rush about the situation. Although Rush recalled being briefed by Duckett on [deleted] shortly after they were discovered, his recollection was very vague. Rush had not realized that Secretary Rogers had not been briefed. Ray reported that Rush was very concerned that Alex Johnson and Sid Graybeal had not been told. Rush is to talk to Rogers and urge that Rogers talk to Kissinger to get permission to tell Johnson and Graybeal." Edward Proctor, Note for the Record, July 13, 1973.

⁵⁹⁰Col. Merritt of the NSC staff told the CIA official that "Dr. Kissinger wanted to avoid any written judgments to the effect that the Soviets have violated any of the SALT agreements. If the Director believes the Soviets may be in violation, this should be the subject of a memorandum from him to Dr. Kissinger."

The judgment that a violation is considered to have occurred is one that will be made at the NSC level."

⁵⁹¹In one case, the head of the U.S. SALT team in Geneva, U. Alexis Johnston, was not told of a secret understanding made a year earlier on an agreed interpretation of the treaty. Johnson first learned of this from his Soviet counterparts. His cable to Washington is as follows:

"To: The White House for General Secroft Only. From: U. Alexis Johnston SALT Geneva"

"I. You will note that statement by Ustinov at yesterday's SCC meeting contained refel [sic—editor's note] refers to the agreed interpretive statements of May 26 and July 29, 1972. . . . We have no record here, and no one in the delegation has any recollection of latter statement. Presume it was a result of Henry's exchanges with Dobrynin following Moscow summit. Would appreciate text or summary of contents, so that we will be in position to handle when Soviets again raise matter in present negotiations on destruction, dismantling and replacement procedures. Presumably Phil Odeen or Bill Hyland are familiar with subject. Warm regards, Johnson." June 7, 1973.

Admiral Zumwalt testified to the same effect. Comm. Hearings . . . Dec. 2, 1975.

⁵⁹²Dr. Kissinger: "Whatever compliance issues existed at the time were brought to the attention of the Verification Panel." Kissinger press conference, Wash., D.C., Dec. 9, 1975.

From documentary evidence: The Verification Panel consists of the Assistant to the President for National Security Affairs, Deputy Secretary of State, Chairman of Joint Chiefs of Staff, Director of ACDA, and the Director of Central Intelligence. Intelligence on SALT compliance with is put on hold; routinely goes to only the Secretary of Defense, Director of DIA, and Kissinger.

Dr. Kissinger: "All the decisions of the Verification Panel with respect to compliance have been unanimous."

From documentary evidence: One member wrote a memo on Jan. 14, 1975: "Upon further consideration following the recent Verification Panel meeting on SALT, which addressed compliance issues, I am concerned about the decision not to raise the issue of Air Defense Testing. . . . This testing could have major strategic implications and its impact, in my opinion, was not sufficiently assessed at this recent session of the Verification Panel."

The Panel also does not vote or make formal decisions.

Dr. Kissinger: "There is nobody who has claimed that the issue of compliance was not being adequately pursued. There is nobody who has objected to the handling of the information."

Documentary evidence: Proctor memo of 13 July 1973. Colby letter to Richard Kennedy, Nov. 14, 1974.

Dr. Kissinger: "All intelligence concerning alleged noncompliance was immediately distributed to all the members of the Verification Panel."

Dr. Kissinger: "The longest time an item was on 'hold' was two months."

From documentary evidence: Some items were on "hold": 19 June 1973-8 Aug. 1973; 28 June 1974-17 Dec. 1974; 26 July 1974-17 Dec. 1974; 11 Sept. 1974-17 Dec. 1974; 23 Sept. 1974-17 Dec. 1974.

Dr. Kissinger: "No Soviet interference actions have interfered with our national means of detection."

From documentary evidence: Some important concealment activities, as well as Soviets interfering with national means of verification.

⁵⁹³On January 13, 1973 Dr. Edward Proctor, Deputy Director of the CIA for Intelligence and a member of the SALT Steering Group, informed Acting Director of Central Intelligence Walters that "It is now 24 days since we reported to Dr. Kissinger on the detection of several" alleged Soviet SALT violations. Proctor noted that the "hold" items had been restricted for so long as to raise suspicions "that important information is being withheld" from the many people in the intelligence community who had related responsibilities. Proctor advised that "there is little likelihood that it [the hold item] will be lifted soon," and that Mr. Odeen of Dr. Kissinger's staff "would like to see a draft of the Monitoring Report with the item in it to recommend to Kissinger whether the Report should be published and whether it should have the item in it." Note for the Record, July 13, 1973, Edward W. Proctor.

⁵⁹⁴Proctor wrote on July 13 that "Earlier this morning, I had discussed with General Walters and Mr. Colby the DCI's obligation—a la Watergate—to make sure that the President knew of the withholding of intelligence, was aware of the consequences of prolonged delay in informing others in the Executive and Legislative Branches, and nonetheless had approved the continuation of the restrictions." *Ibid.* The President was never personally approached.